1987 Annual Report

Financial Highlights

General Electric Company and consolidated affiliates

(Dollar amounts in millions; per-share amounts in dollars)	**1987**	1986	1985
Operating results			
Revenues	**$ 40,515**	$ 36,728	$ 29,240
Earnings before extraordinary loss and cumulative effect of accounting changes	**2,119**	2,492	2,277
Net earnings	**2,915**	2,492	2,277
Per share			
Earnings before extraordinary loss and cumulative effect of accounting changes	**$ 2.33**	$ 2.73	$ 2.50
Net earnings	**3.20**	2.73	2.50
Dividends declared	**1.325**	1.185	1.115
Market price range	**66⅝-38¾**	44⅜-33¼	36⅞-27¾
At year end			
Total capital invested	**$ 22,271**	$ 21,462	$ 15,847
Share owners' equity	**16,480**	15,109	13,671
Borrowings as a percentage of total capital	**25.1%**	28.7%	12.9%
Return for the year			
On average share owners' equity	**18.5%**	17.3%	17.5%
On average total capital invested	**14.7**	13.9	16.2

See notes 1 and 15 to the financial statements for information about accounting changes and extraordinary loss. All share data in this report reflect the 2-for-1 stock split in April 1987. Financial information in this report includes RCA Corporation results from June 1, 1986 unless stated otherwise.

Contents

Operational Highlights

Important developments around the globe in 1987, including those below, reinforced GE's continuing strategy to be a world leader in its technology, services and core manufacturing businesses.

CGR acquired

To enhance its global competitiveness in medical systems markets, the Company acquired the CGR medical equipment business from Thomson, S.A. of France as part of GE's disposition of its consumer electronics business.

Plastic car body introduced

A cooperative effort between GE Plastics and BMW of West Germany created a breakthrough in automotive technology with a new roadster that features all vertical panels made of engineering thermoplastics from GE.

Financial services expanded

GE Financial Services continued to extend its boundaries, acquiring fleet leasing and auto auction units in the United States and opening foreign markets for its financing, investment banking and reinsurance activities.

Aircraft engine unveiled

Ringing up the curtain on the new CFM56-5 engine in Europe was but one highlight for GE Aircraft Engines, which added Japan Air Lines and Northwest Airlines to its substantial list of commercial aircraft customers.

To Our Share Owners

The events of 1987 reaffirmed our belief in the strategy your Company has followed throughout the 1980s. GNP growth remained modest; global competition continued to intensify; large transnational alliances became a key ingredient to success throughout the world; and the inextricable relationship of the world's economies and financial markets was clearly demonstrated.

Against this backdrop, GE's 14 key businesses all performed well and, more importantly, demonstrated that GE is well-positioned for strong earnings growth in any reasonably good economic scenario.

At the beginning of the decade, we said the world economy would be characterized by slower growth with stronger global competitors going after a smaller pie. That analysis became the cornerstone of what we set out to do. It led to a strategy of being number one or number two in market share in large key businesses that we grouped into technology, services and core manufacturing.

Within that framework, we sold or exited businesses and product lines that were not central to our strategy, and became much more cost-effective in those that were by consolidating facilities and by investing $16.7 billion to develop new products and improve productivity. Our financial strength allowed us to do this in ways that were fair and compassionate to the employees involved. Long notification periods, equitable severance packages, retraining and placement centers were used when business realities caused us to close plants.

As we sold or exited businesses not central to our strategy, we acquired others that would either improve the competitiveness of an existing key GE business or would stand strongly alone in a promising market in which we want to participate.

In our view, a key criterion of strength is being number one or number two in market position; and number one or number two, for us, refers to *world* market position. In 1987, we continued to establish strong global positions for our businesses through acquisitions, cross-sourcing partnerships, asset exchanges and other arrangements with Asian and European companies whose strengths and assets complement our own.

Of GE's strategic moves in 1987, the one that best demonstrates our global business leadership direction is the business exchange we made with Thomson, S.A. of France. In this transaction, we acquired CGR, a European-based medical diagnostic imaging business, and cash from Thomson; in return, Thomson received GE's consumer electronics business.

This move greatly strengthened our global Medical Systems business and allowed us to divest a business that was not strategically important to us. Thomson, which views consumer electronics as central to its strategy, strengthened its ability to compete globally in this industry. In this win-win transaction, both companies became stronger in businesses they feel are key to their future.

Adding CGR's strength in Europe and Latin America, particularly in x-ray products, will complement GE's already strong engineering, marketing and manufacturing operations in the United States and in Japan, where we hold a 75% stake in Yokogawa Medical Systems.

In the exchange with Thomson, we built upon decades of globalization initiatives by several other GE businesses that have long realized that a strong market presence in the major areas of world commerce will be a decisive advantage in the intensely competitive and highly concentrated markets of the 1990s.

Many of our fastest-growing businesses have had their growth fueled by innovative, transnational alliances where each partner's unique assets are shared in return for greater world-market access.

GE Aircraft Engines, for example, has used its 16-year-old partnership with SNECMA of France to help forge a pre-eminent position in world markets, winning the leading share of the world's large commercial engine orders in 1987. GE Plastics, with nearly half its sales outside the United States, has grown 16% annually over the last five years by developing applications in one part of the world, and then multiplying their value through global technology, manufacturing and marketing organizations. Our Factory Automation business, which struggled for years by itself to fulfill a dream of world leadership, now sees that dream becoming a reality via GE Fanuc Automation Corporation, a 50-50 joint venture with FANUC Limited of Japan that includes subsidiaries in Europe, Japan and the United States.

Actions like these are under way in virtually every GE business. Each business understands clearly that an important road to growth is through globalization and through sharing individual strengths such as market access, technology and capital availability. In this "share-to-gain" approach, our businesses are expanding product

Chairman and Chief Executive Officer John F. Welch, Jr. (right), Vice Chairman and Executive Officer Lawrence A. Bossidy (center), Vice Chairman and Executive Officer Edward E. Hood, Jr. (left).

lines, opening new markets, becoming more competitive in existing markets, and reducing the investment and time it takes to bring products to customers and potential customers.

During the past seven years, consistent application of GE's strategy has produced consistent growth for our investors:

- Earnings have risen 10% a year compounded since 1980, about 40% faster than the GNP over the same period and triple the rate of growth of the S&P 400 companies.
- Our stock, through appreciation and yield, has grown 19% a year compounded, even with last fall's market correction, versus 11% for the S&P 400.
- We have shifted our earnings mix to where we now obtain about 75% of our key business earnings from faster growing technology and services businesses compared with about 50% in 1980, even though earnings in our core manufacturing businesses have grown at an average of 6% a year over the same period.

By any measure, 1987 was a very strong year for your Company. All of GE's key businesses met their business plans. And, for the third year in a row, virtually all of our key businesses increased their market share.

Overall, net earnings were $2.915 billion, an increase of 17% from $2.492 billion in 1986. Earnings per share were $3.20 for 1987 compared with $2.73 for 1986, reflecting the April 1987 stock split. In 1987, the Company had two accounting changes which resulted in one-time net earnings gains of about $720 million. These gains were more than offset by business restructuring of about $750 million after taxes. Thus, our 1987 earnings growth of 17% was independent of these unusual items, but the restructuring will enhance GE's competitiveness in 1988 and beyond.

Sales for 1987, the first full year in which the RCA businesses are included, were $39.31 billion, up 12% from 1986's $35.21 billion.

We again ended the year in excellent financial condition. Cash, marketable securities and funds held for business development aggregated about $2.8 billion at December 31, 1987 compared with $2.3 billion a year earlier. GE's short- and long-term debt, which carries the highest credit ratings, improved to a ratio of 25.1% of total capital, down from 28.7% at the end of 1986. Return on share owners' equity improved significantly, to 18.5% from 17.3% for 1986. Measurements of capital efficiency such as return on investment and working capital turnover also were improved.

Our commitment to research and development remained strong. R&D expenditures were $3 billion. In February 1987, GE donated the RCA David Sarnoff Research Center in Princeton, N.J., to SRI International and made a five-year, $250 million commitment to fund research there. This move preserved Sarnoff Labs as one of the nation's foremost research centers, a position that might have been jeopardized had we tried to combine it with GE's existing research operations.

Expenditures for plant and equipment during 1987 were $1.8 billion, with significant capacity and productivity investments in Aircraft Engines, Plastics, Lighting and Appliances.

The major contributors to 1987's earnings

growth were Aircraft Engines, Financial Services, Medical Systems, NBC and Plastics.

Adding to our internally generated growth is our record with acquisitions. Several large recent acquisitions — for example, Employers Reinsurance, NBC and RCA — have provided net additions to our earnings in their first year of GE ownership and have added significantly since then.

Kidder, Peabody, 80% of which was acquired by GE in 1986, had some difficulties in 1987, including admission by a former employee to securities violations that occurred prior to GE's acquisition; a subsequent settlement with the SEC; and the effects of stock and bond market volatility. Kidder, Peabody was a strong contributor to GE's 1986 earnings, but the 1987 difficulties put Kidder's contribution to GE at about breakeven for the first 18 months of ownership. Kidder is taking the decisive steps needed to weather turbulent times, and it remains an important part of our Financial Services business.

We have had a good track record with major acquisitions; and, although we have the resources for another, we have no set timetable to do one. Our past acquisitions were successful because they were a fit with our long-term strategy. We will continue to be selective, knowing that when the right opportunity presents itself, we have the financial strength and management depth to act quickly.

Our outlook for GE businesses in 1988 is optimistic. While the worldwide collapse in stock markets in the last quarter of 1987 was of concern, we believe that the directions our management team has been emphasizing — agility, quicker response to markets, globalization — will serve GE well during this period of change and uncertainty. Your Company is positioned for strong earnings growth in any reasonably good economy. We made a 1986 prediction of two-year double-digit earnings growth, given approximately 2-3% GNP growth. We have achieved that growth in 1987 and, given about the same economic scenario, we're confident we can do it again in 1988.

Your Company has a vitality, a sense of confidence, a bias for action that even the most optimistic of us could not envision just a few years ago. The sharing, open, adaptive culture we have worked so hard to grow is well-suited to the ever more complex world we face.

None of this has been brought about by more management, but rather by *less* management. Layers have been peeled away, and with them the reviews and the filters have also gone. Approval authority has been delegated downward. Thus, the bureaucratic paraphernalia that often slows and impedes communications and discourages the innovator and the risk-taker has been swept aside; in its place a faster-moving, more action-oriented and personally more satisfying environment has taken shape. We have removed, in addition, the saddle of a corporate bureaucracy from the backs of our businesses and have encouraged them to run in directions, and at speeds, they choose — and run they have.

With the reduction of "management" and the dismantling of bureaucracy, leaders have moved quickly to the front, creating a vision for each business and articulating that vision so clearly and compellingly and consistently that an entire organization can rally around it and turn it into reality. Leadership of that caliber is abundant in this Company and we see it shining from deeper and deeper in the structure of each of our businesses.

Communication, above all other factors, is driving this progress. We will never be satisfied with our performance, but we are proud of the gains we are achieving. Communication, for us, is more than newsletters and speeches and videotapes. It means sharing all the facts, with all the people, all the time. It is, we find, a simple concept but one requiring patience and persistence to imbed in the culture.

Our businesses are on the move — driven by people who talk, listen and share with one another, forging commitments that include everyone. For those businesses individually, and for the Company as a whole, 1987 was a terrific year. We continue to believe your Company has a future unmatched anywhere in the world. And the people of GE remain committed to seizing that future.

John F. Welch, Jr.
Chairman and Chief Executive Officer

Lawrence A. Bossidy
Vice Chairman and Executive Officer

Edward E. Hood, Jr.
Vice Chairman and Executive Officer

February 12, 1988

Technology Businesses

From ideas and technology come solutions.

By mixing ideas with technology, we have built a reputation for creating solutions for our customers — solutions that provide real benefits for individuals, companies and governments; solutions that meet today's needs and address tomorrow's expectations.

This approach — providing solutions instead of merely selling products — has helped make GE a world leader in:

- Aircraft Engines
- Aerospace
- Plastics
- Medical Systems
- Factory Automation

GE Aircraft Engines is now the world's leading supplier of jet engines.

Unparalleled growth over the past five years has moved GE ahead of its competition in commercial and military aircraft engine markets with total orders passing $8 billion in 1987. That growth comes as a direct result of GE's commitment to customers reflected in advanced engine technology, product quality and customer support.

A prime example of GE's technology leadership: the UDF™ engine. This revolutionary power plant — with its thin, highly curved fan blades extending from the engine — completed a series of flight tests with McDonnell Douglas in 1987 and was selected by Boeing as the prime engine for studies of a new medium-sized aircraft to be introduced in the 1990s. When put into commercial service, the UDF is expected to save airlines up to 40% in fuel costs over current turbofan models. SNECMA, the French aircraft engine manufacturer, is a 35% partner in the UDF program.

While the UDF remains an important program for the future, the Company's CF6 and CFM56 families of engines continued to gain widespread popularity in 1987 among commercial airlines.

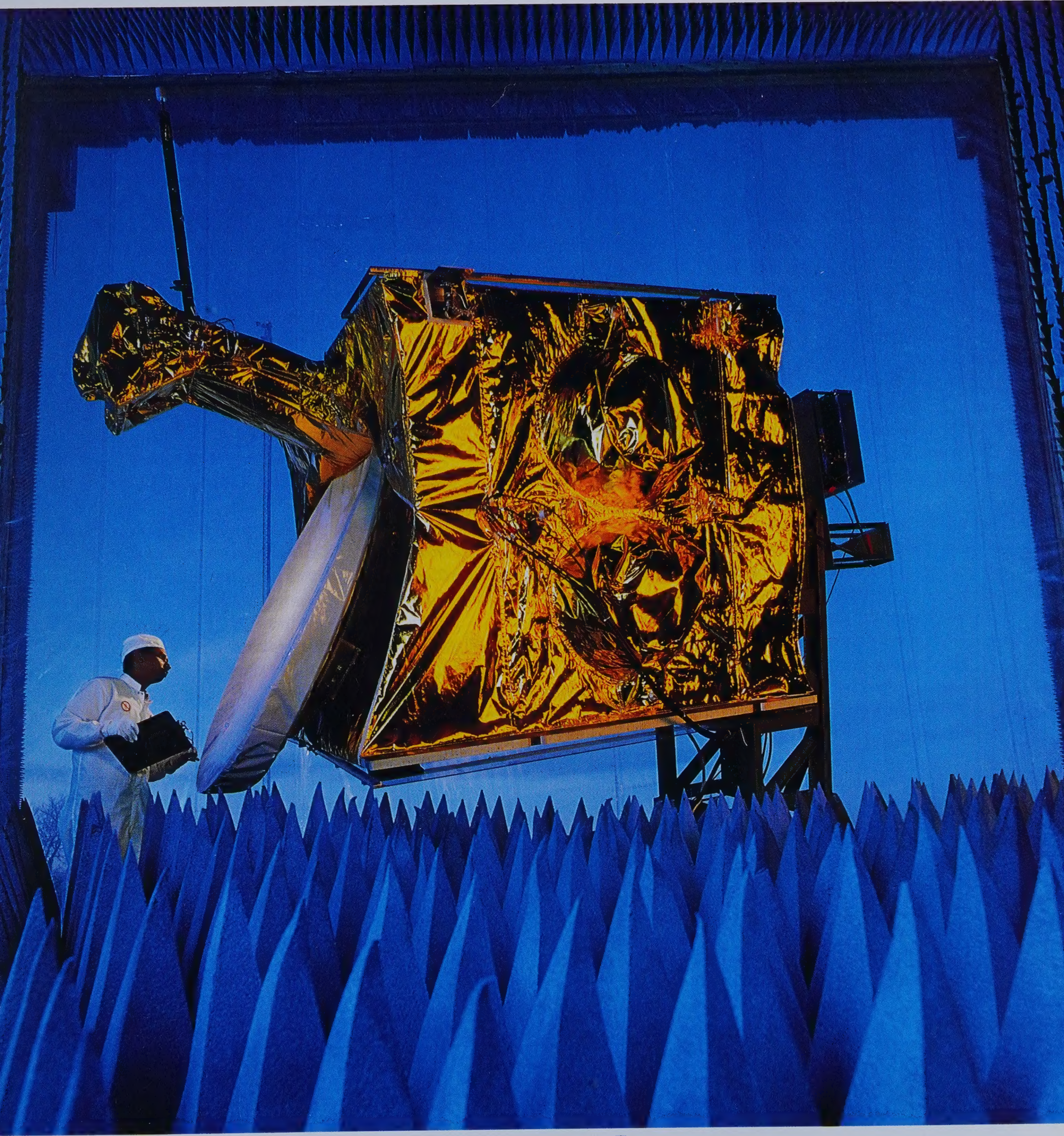
The CF6-80C2 engine, for example, captured almost 65% of available 1987 orders for the large widebody aircraft it is designed to power. Japan Air Lines, which had not purchased a GE-powered aircraft in 30 years, chose this engine during the year to power its new four-engine Boeing 747s. American Airlines, in the largest single aircraft engine order ever placed with GE, will use 80 of these engines to power its new fleet of Boeing 767s and Airbus A300s.

Other major orders in 1987 from such carriers as Air France, Thai International, Alitalia, Canadian Airlines International, Wardair and QANTAS helped boost the value of CF6-80C2 orders since the engine was first introduced in 1983 to more than $4.5 billion. Exports account for almost $3.8 billion of that total.

CFM International, a joint company of GE and SNECMA, received one of its largest orders ever

◄ *Aircraft engine technology from GE helps to bring people together. For example, the CF6-80C2 engine on the previous page is used to power one of the new Boeing 767s that Piedmont began flying on daily round trips between North Carolina and England in 1987. The CF6-80C2, the Company's most advanced high-bypass turbofan engine, has been ordered by more than 30 customers around the world.*

◄ *A sign of the future in aircraft engine technology, GE's revolutionary UDF™ engine completed a series of flight tests in 1987 aboard a McDonnell Douglas MD-80. The UDF is being readied for commercial service on a new generation of medium-sized aircraft.*



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Astro-Space technician Craig Wiley prepares the antenna range for testing of the new Astra-1™ communications satellite being built for Société Européene des Satellites in Luxembourg. When launched, the satellite will be able to distribute TV programming to most of the urban areas in Western Europe. It is the first communications satellite GE has built for the European market.

when Northwest Airlines picked the recently introduced CFM56-5 engine for its new fleet of 120 Airbus Industrie A320s and A340s. The order, with a potential sales value of about $1.25 billion, marks the first time Northwest has selected a GE or CFM engine. Other major CFM56 orders in 1987 came from Ansett Airlines of Australia, Lufthansa, Southwest and Braathens.

Building on its success with CFM, the Company formed other alliances in 1987 with Garrett Turbine Engine, Textron Lycoming and Alfa Romeo to develop small and medium-sized engines. In another agreement, Ruston Gas Turbines of England will produce components for GE aircraft engines and will strengthen GE's position as a supplier of aircraft engine derivatives for ship propulsion and industrial applications.

On the military side, GE delivered its first F110 fighter engines to the U.S. Navy for use on the F-14 and F-16N aircraft. In addition, the F110 continued to win a substantial share of U.S. Air Force orders in competitive bidding for F-16 fighter engines. Egypt and Bahrain selected the F110 to power their new F-16 fighters.

GE also won 70% of U.S. Navy orders for F404 engines in the first year of second-source competition for this GE-developed engine. In addition, the Navy chose a derivative of the F404 for its new Advanced Tactical Aircraft.

During the year, GE ran the XF120 engine for the first time. This engine is designed to power the new U.S. Air Force Advanced Tactical Fighter.

Aerospace combines the operations of GE Aerospace and RCA Aerospace and Defense, which together make GE one of the largest and most diversified aerospace manufacturers in the world.

GE Aerospace, for example, holds a number one or number two position in two-thirds of its 35 different product lines — all of which depend increasingly on advanced electronics technology. It is a leader in such areas as simulation visual systems, high-performance military aircraft controls and automated test systems.

RCA Aerospace and Defense is a leader in radar, satellites and surface ship sonar. It also is the developer of the Aegis fleet air defense system for the U.S. Navy, which commissioned four more Aegis-equipped cruisers in 1987.

Key developments during the year for these aerospace businesses included the installation of solid-state radar systems in Saudi Arabia, Canada, South Korea and Taiwan and the launching of four new satellites. The Company has placed more than 150 satellites in orbit for communications, meteorology, science or defense purposes and currently has 53 more in design, assembly or test.

Other key achievements in 1987 were the development of full-authority digital engine controls in a joint venture with GE Aircraft Engines and the application of large-screen liquid crystal displays for aircraft cockpits. The displays were developed in a joint effort with the Company's Research and Development Center.

◄ *Christened* Princeton *in 1987 ceremonies at Ingalls Shipbuilding in Mississippi, this CG59 is the 13th U.S. Navy cruiser to be outfitted with the Company's Aegis fleet air defense system and the first to incorporate the improved AN/SPY-1B radar array (behind the orange shielding). GE is the prime contractor on the Aegis system for U.S. cruisers and destroyers.*

The biggest developments in 1987, however, were contract awards to GE for more than $2 billion in space and submarine programs. NASA picked GE to develop a free-flying, unmanned space platform; a satellite-servicing facility; and space station communications. The U.S. Navy picked GE to design and produce combat systems for Seawolf submarines.

Faced with slowing domestic defense markets and intensified competition, both branches of this $5 billion business are looking for new growth opportunities. For example, second-sourcing — the U.S. government's push for increased competition for defense dollars — is a two-edged sword. It presents an opportunity for growth, as it did in 1987 when GE was awarded a production contract for the Phalanx anti-missile defense system, while it challenges GE's existing market position.

GE Plastics broke new ground during 1987 in helping customers find innovative solutions to market needs.

The global leader in engineering thermoplastics, GE made important inroads in the automotive, packaging, computer and construction markets.

A joint project with BMW, for example, created the world's first production car with all vertical body panels made with thermoplastics. The GE materials provide lighter weight, more design flexibility and better resistance to impact and corrosion than metal. Already a leading supplier of high-performance plastics for automotive bumpers, dashboards and other parts, GE Plastics is pioneering new technology for molding an all-plastic car exterior.

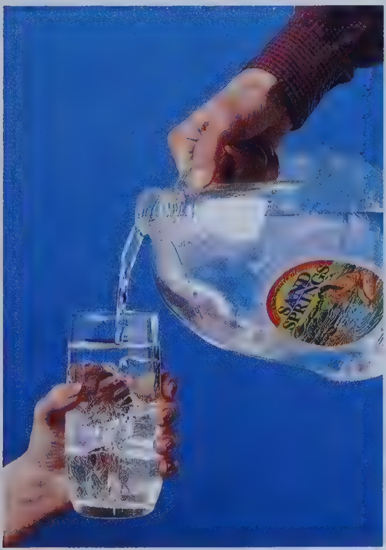
In packaging, GE helped several companies design new bottled water and beverage containers that feature Lexan® polycarbonate resin. Bottles made of Lexan resin are crystal clear and much stronger than previously used materials.

For the computer market, GE Plastics offers a number of tailored materials designed to replace internal and external metal structures with plastics. The new IBM Personal System 2®/Model 50, for example, uses Lexan® resin for the base, screen bezel and inner support structure — combining them into an easily assembled, lightweight and durable unit.

GE also began work on a "concept house," a living laboratory that will demonstrate the multiple applications of engineering thermoplastics in the construction industry.

Another key thrust for this $2 billion business is resource recovery. Unlike most other plastics, the engineering thermoplastics marketed by GE are recyclable. The Company is currently developing programs that, for example, would recycle packaging materials into automotive parts and eventually into building and construction materials.

During the year, GE Plastics strengthened its ability to serve customers throughout the world by establishing a separate business organization for



◄ *The growing popularity of bottled water has opened another market opportunity for GE Plastics, which has designed a new grade of crystal-clear Lexan® polycarbonate resin specifically for beverage containers.*

► *Bob Johnson (right) and Jim McCaffery of GE Plastics examine an inner support chassis structure molded from Lexan® resin for use in the new IBM computing system in the foreground.*

the Pacific Rim to parallel existing organizations in Europe and the United States.

It also brought on stream a new $325 million polycarbonate plant in Alabama to serve as an additional supply point. Construction began on new facilities in South Korea and the Netherlands.

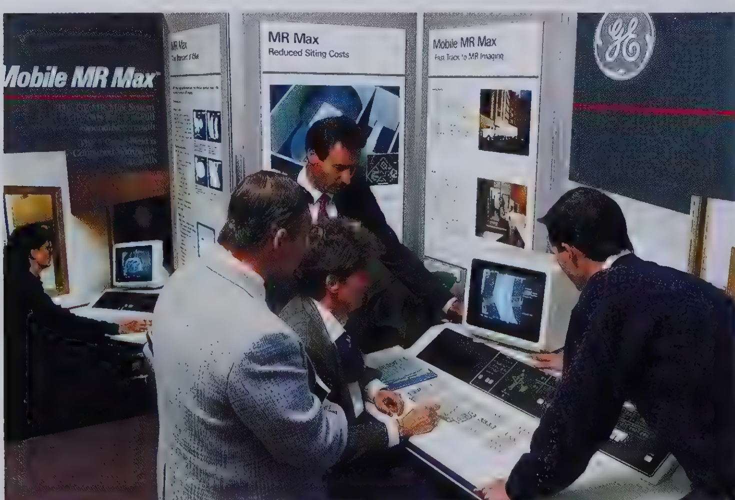
GE is a leader in silicone technology, too, with a wide range of silicone sealants, coatings and elastomers. Superabrasives, such as Man-Made™ industrial diamonds used by the construction industry and others, are another important material produced and marketed by GE Plastics.

GE Medical Systems has strengthened its worldwide presence through the acquisition of CGR from Thomson, S.A. of France.

The transaction, which also involved the acquisition of GE's consumer electronics business by Thomson, was completed at the end of 1987.

The leading producer of diagnostic imaging systems in France, CGR holds significant market positions throughout Europe and Latin America — strengthening GE's position in those market areas. CGR also brings with it some very strong technology, especially in x-ray products, that enhances GE's global capability since one-fourth of the diagnostic imaging market is in x-ray outside the United States.

Just as important, CGR gives GE Medical Systems a stronger three-continent base of operations. Joined with already strong engineering and manufacturing bases in the United States and



▲ *GE Medical Systems is helping to make the wonders of medical diagnostics available to more and more patients through innovations such as the MR Max™ system. Introduced in 1987, MR Max provides an economical approach to magnetic resonance imaging and can be used in mobile MR units shared by several clinics or hospitals.*

Japan, where GE holds a 75% stake in Yokogawa Medical Systems, this new acquisition improves the Company's leadership in the worldwide diagnostic imaging market.

That leadership was further reinforced by record sales, orders and net income in 1987 for this $1.5 billion business, reflecting the success of its continuing drive to improve its competitive posture worldwide in the face of sluggish domestic demand caused by cost-containment pressures in the health-care field.

GE also introduced technology advances across its five basic imaging modalities in 1987.

In magnetic resonance, the MR Max™ system, which features electronics from Japan and GE's new self-shielded superconducting magnet made in South Carolina, addresses the worldwide market for a mid-field MR system.

Elsewhere, GE enhanced its worldwide leadership in computed tomography by announcing a new detector — based on a unique ceramic developed at the Company's R&D Center — for its CT 9800 Quick system. GE also increased its position in x-ray with the introduction of the Advantx™ line of imaging systems and improved its position in ultrasound and nuclear imaging through a variety of technology developments.

GE Medical Systems' offering also includes a variety of value-added services such as equipment maintenance, leasing and financing. For example, the Maxiservice™ package — which provides flexible equipment leasing, maintenance and insurance — is unique in the diagnostic imaging industry and has become a preferred method of acquiring high-tech diagnostic systems.

GE Factory Automation is achieving good growth through the GE Fanuc Automation Corporation, a 50-50 joint venture between GE and FANUC Limited of Japan that completed its first year of operation in 1987.

Operating subsidiaries in North America, Europe and Asia give this joint venture a strong base in the world's three major markets for factory automation equipment, software, systems and services.

A significant 1987 achievement was GE Fanuc's selection as a single-source supplier of programmable controller and numerical control products for General Motors' Saturn manufacturing complex in Tennessee. GE also will provide general purpose controls and electrical distribution equipment (see page 20) for the Saturn project.

GE Fanuc also built on each parent company's reputation for innovation. Its new Series 15™ computer numerical control enables machine tools to operate faster and more accurately. Likewise, its new Series 90™ programmable controller can do the same for a variety of factory floor processes.

Services

Services Businesses

From creativity and service comes added value.

By combining individual creativity with outstanding service, we give our customers added value — that extra "something" that often determines who wins and who loses in the services sector of the economy.

This goal — providing added value for customers — has helped keep GE ahead of the competition with:

- Financial Services
- National Broadcasting Company
- Communications and Services

GE Financial Services is one of the largest, most diversified competitors in the global market for financial services.

Through its three subsidiaries — GE Capital Corporation (formerly General Electric Credit Corporation), Employers Reinsurance Corporation and Kidder, Peabody Group — this business has expanded rapidly to where it now has more than $60 billion in assets and a leadership position in many U.S. financial niches.

In addition, GE Financial Services has made progress in implementing a selective strategy for international expansion based on bringing its key assets — financial innovation, value-added services, creativity and entrepreneurial spirit — to important international markets.

The recent acquisition of Navistar Financial Corporation Canada, for example, has strengthened GE Capital's presence in Canada. Navistar Financial is owned by GE Canada but is managed by GE Capital, which had previously opened commercial real estate, equipment financing and corporate financing activities in Canada and Europe.

With its $32.5 billion in net earning assets, GE Capital currently stands in the front ranks of suppliers of capital to business. It is an innovator in commercial real estate financing and a leader in such fast-growing areas as leveraged buyouts (LBOs), full-service leasing, auto auctions and retailer financing.

In commercial real estate, GE Capital specializes in creating one-of-a-kind financial packages primarily for existing properties rather than for new construction — a strategy that has set it apart from most lenders and has led to phenomenal growth. During the year, its asset portfolio in commercial real estate grew by 37% to $6.1 billion.

GE Capital continued to be a major player in leveraged buyouts, too, helping to finance the acquisition of 24 companies in 1987. Special focus was placed on funding mergers and acquisitions in four major industries — media and communications, retailing, health care, insurance — and in the United Kingdom, which is the world's second largest LBO market after the United States. Considered to be a pioneer of the LBO concept, GE Capital has provided financing for individual

◀
Financial services from GE give customers added value. For example, GE Capital's Elizabeth Stevens and Kip Fraasa, center and left on the previous page, helped devise a special financing package in 1987 for real estate developer Bob Starnes (pictured with them). It allowed him to secure additional financing through a $60 million restructured participation loan on his Broward Financial Centre (right) in Fort Lauderdale, Fla.

▶
Building on its success in leveraged buyouts, GE Capital provided a management participation recapitalization loan that enabled a group of managers to acquire equity in Kemet Electronics, a unit of Union Carbide that manufactures capacitors.

▲

Hit shows such as "Family Ties" and its star, Michael J. Fox, not only kept NBC in first place in the ratings but also reinforced the network's creative leadership. Fox won an Emmy Award for best comedy series lead for the second straight year; NBC again dominated the ceremonies with 32 out of a possible 70 awards.

entrepreneurs or management groups to acquire 114 companies since 1982 — including such noted ones as Tiffany and R.H. Macy.

Full-service leasing is another major growth area for this business. A recognized leader in equipment leasing, GE Capital has moved from merely financing assets to gaining extra fee income by actually managing those assets — whether they be commercial aircraft, railcars, shipping containers, cars or trucks.

During the year, GE Capital strengthened its asset management portfolio by acquiring Gelco Corporation, a leader in automotive fleet and container leasing. It also acquired D&K Financial Corp., a Kraft, Inc. subsidiary specializing in leasing automobiles and light trucks. These two acquisitions, together with the previously acquired Kerr Leasing subsidiary, give GE Capital ownership and management of a fleet of more than 250,000 vehicles. In addition, Genstar Container Corporation, another GE Capital asset-management business, became the world's largest container-leasing company by assuming Gelco's container business.

GE Capital expanded its auto auction business, too, acquiring nine more outlets. It now has 17 auctions handling more than 100,000 used cars and trucks a month for thousands of dealers, all major auto manufacturers, rental car companies, fleet operators and financial institutions.

In retailer financing, GE Capital operates the industry's largest private-label credit card business for some of the world's best-known retail companies. GE Capital experienced excellent growth in this area during 1987, increasing its net earning assets 16% to $3.1 billion.

Employers Reinsurance, the second largest U.S. property and casualty reinsurer, has increased its net written premiums and earnings each year since it was acquired by GE in 1984. Employers Reinsurance also is increasing its global activities through selective acquisitions. Its early 1988 purchase of Baltica-Nordisk Reassurance of Denmark, for example, entrenches it as the fourth largest reinsurer in the world.

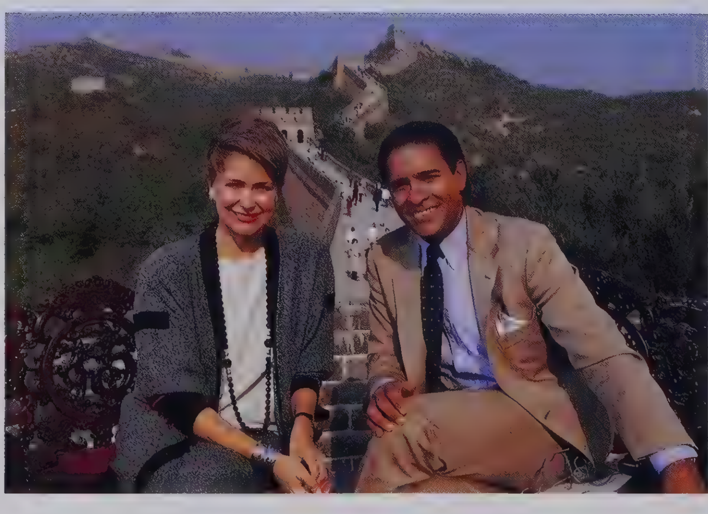
Kidder, Peabody, which is 80% owned by GE, remains an important part of GE Financial Services despite 1987's turmoil in the stock markets. Acquired by GE in 1986, Kidder announced plans in 1987 to restructure its operations to become more cost-effective while sharpening its focus on capital markets and individual sales.

National Broadcasting Company is the leader in network television.

Despite changes in the way TV viewership is measured, this $3 billion business remained number one in prime-time ratings for the third straight year — winning 48 out of 52 weeks, its best performance on record. Ratings determine which network receives the biggest percentage of advertising revenue.

It also was the third consecutive year that "The Cosby Show" finished as TV's highest-rated series. With such other popular programs as "Cheers," "Night Court," "A Different World" and "The

NBC went to the Orient in 1987, broadcasting eight days of live news from China — including this segment of the "Today" program with Jane Pauley and Bryant Gumbel at the Great Wall. NBC will return to the Far East in 1988 to telecast the Summer Olympics from South Korea.



▲
Satellite dishes at this GE Americom earth station in California receive and transmit signals to orbiting communications satellites. GE satellites carried more than 14,000 hours of radio and TV programming a week during 1987.

Golden Girls" leading the pack, NBC ended the year with five of the top 10 series on TV.

Besides its top ranking in prime time, NBC in 1987 continued its leadership on Saturday morning and in late-night viewing. In addition, NBC News continued to improve its overall performance while enhancing its reputation for outstanding — even newsmaking — coverage.

The "Today" program and "NBC Nightly News with Tom Brokaw," for example, went on the road to China for an unprecedented eight days of live telecasts from the People's Republic. NBC News and Brokaw scored another coup with the first one-on-one U.S. television interview with Soviet leader Mikhail Gorbachev. The network devoted two prime-time hours to an NBC-sponsored debate among 12 presidential candidates. NBC also extended its highly acclaimed "Today" concept to the weekend with the introduction of "Sunday Today."

NBC had other notable programming achievements during 1987. Network television's longest-running program, "Meet the Press," celebrated its 40th anniversary on the air. NBC's broadcast of the 1987 Fiesta Bowl between Penn State and Miami of Florida was the most-watched college football game in history. Among NBC made-for-television films that won critical acclaim were "LBJ: The Early Years" and "Eye on the Sparrow."

During the fall, GE acquired WTVJ in Miami, which came under the supervision of NBC along with another GE station, KCNC-TV in Denver. GE and NBC now have seven television stations — the others being in New York, Los Angeles, Chicago, Cleveland and Washington, D.C. — that together reach 22.4% of U.S. households with TV sets. More than 200 independently owned stations also are affiliated with NBC, giving the network nationwide coverage.

In another move, NBC sold its radio networks to Westwood One, a producer and distributor of national radio programming. An agreement to sell NBC's AM radio station in Chicago was announced in 1987, but the government order requiring divestiture of four other NBC radio stations was temporarily stayed.

A pioneer in broadcast technologies, NBC announced that it is developing a broadcast transmission system that, if adopted, would significantly improve picture quality while remaining compatible with current TV standards. Called Advanced Compatible Television (ACTV), the system would deliver a wider, clearer picture for home viewing.

In October, following an 18-week strike, the National Association of Broadcast Employees and Technicians ratified a new 29-month contract with NBC.

▲
The Carfone™ cellular telephone from GE Mobile Communications provides added value for users on the go through its innovative design, easy installation and simple operation.

GE Communications and Services helps individuals, businesses and governments utilize today's mass of information through the use of satellites, computers and other advanced technologies.

A nearly $2 billion enterprise, GE Communications and Services is composed of six diverse operating units. Sale of a seventh unit, RCA Global Communications, to MCI Communications Corporation is expected to be completed in 1988.

GE American Communications (Americom) continued its leadership in domestic commercial satellite services in 1987, operating seven communications satellites and a network of earth stations.

GE Mobile Communications meets the growing need for mobile land-based systems with products ranging from hand-held two-way radios to base stations and entire systems.

A third unit, GE Information Services, is a leading worldwide supplier of network-based services that integrate computers, software and communications systems.

GE Computer Service is a leading independent service business that provides single-source, customized repair, maintenance and rental/leasing services for a broad range of computer and electronic equipment and systems.

GE Consulting Services provides contract software development services while GE Government Services is a leading provider of engineering, scientific and other technical services for various federal and state government agencies.

Core Manufacturing

Core Manufacturing Businesses

From high quality and low cost comes customer satisfaction.

By driving for high quality and low manufacturing cost, we are marketing the products and services that will satisfy our customers in global markets that are getting tighter and tougher each year.

This drive — to be the high-quality, low-cost global competitor — is the heart of our leadership strategy in:

- Appliances
- Lighting
- Industrial and Power Systems
- Electrical Distribution and Control
- Motors
- Transportation Systems

GE Appliances continued to "bring good things to life" for millions of people.

The U.S. market leader in major appliances for the home, this more than $4 billion business added to its reputation for product innovation and customer satisfaction during the year.

A total of 190 new GE and Hotpoint models were introduced in 1987. These included a new generation of top-mount refrigerators, 23 additional models of gas ranges, GE's first electric ranges with solid-disk cooktops, seven new microwave ovens, a variety of new air-conditioning products and five new Potscrubber® dishwashers.

The new top-mount refrigerators are the product of GE's recent $238 million investment in its refrigeration business. Assembled in highly automated factories in Kentucky and featuring rotary compressors manufactured at a newly opened plant in Tennessee, the refrigerators have been completely redesigned to meet consumer expectations for high quality, large capacity and convenience.

GE also filled out its new line of Monogram built-in appliances. Serving the high-end kitchen design market, this full line of custom-built appliances includes cooktops, dishwashers, refrigerators, wall ovens and microwave ovens.

Another 1987 highlight was the Company's new "Satisfaction Guaranteed" program. It lets consumers exchange or return GE or Hotpoint appliances for up to 90 days after purchase if they are dissatisfied for any reason.

The Company's commitment to consumer service received further praise during the year. The GE Answer Center® service, for example, was named the nation's best telemarketing operation by the Direct Marketing Association. The Answer Center, available 24 hours a day by dialing (800) 626-2000, has handled more than 12 million toll-free calls from consumers since it opened in 1982 and, due to its success, has now expanded its scope to include telemarketing consulting services.

GE Appliances also acquired Gem Products, which enhances its position as the leading supplier

◀
GE manufacturing is aimed at satisfying customers. On the preceding page, for example, Florence Jean Rose performs a quality check on refrigerators being manufactured at GE Appliances' modernized, automated Louisville refrigerator plant. The new "Satisfaction Guaranteed" program introduced in 1987 now backs up the quality of all GE and Hotpoint appliances.

▶
The stylish, integrated look of GE's new line of Monogram built-in appliances appealed so much to interior designer Janet Schiff of Chicago's Blutter Design Group that she selected them when remodeling her own apartment.

of replacement parts for appliances, and formed a joint venture with MABE of Mexico to make gas ranges and other appliances.

GE Lighting focused its resources in 1987 on gaining a greater share of the world market for lighting products.

Currently the North American market leader with about two billion light bulbs sold per year, GE Lighting is establishing two joint ventures with Poong Woo Industrial Co. in Korea to expand the Company's presence in the Far East. One joint venture will produce automotive and quartz lamps for the world market; the other will manufacture fluorescent lamps for the Korean market. Both joint ventures are viewed as bases for increasing worldwide lamp sales with the focus on an Asian market that currently represents 22% of the total free-world market.

GE Lighting also continued to consolidate domestic operations, invest in new technology and expand its product lines — all strategic moves aimed at maintaining the Company's lighting leadership in the face of intensified competition, especially from imports.

During the past five years, for example, GE Lighting has closed 14 plants while at the same time it has invested more than $750 million in new equipment, productivity programs and new product development. It also restructured its business portfolio in 1987 with the divestiture of the nickel cadmium battery and ballast businesses.

Always a leader in lighting innovation, GE offers more than 6,000 different lighting products for commercial, industrial and consumer markets. Its new energy-saving Halogen Performance Plus™ and high-color-rendering fluorescent lamps, in particular, were well received in 1987 by the growing commercial and industrial markets.

GE Industrial and Power Systems has made dramatic changes in its drive to remain the preeminent supplier of power generation equipment and services to a world market clouded by declining growth rates for electric power.

This market downshift has been accompanied by a doubling of global competition, creating severe price pressures for this $5 billion business.

To improve cost-competitiveness, GE has restructured its turbine, nuclear energy, power delivery, and sales and service units over the past five years; invested more than $750 million in plant modernizations; and exited several businesses.

In 1987 alone, GE closed its large transformer operation, disposed of a nuclear waste business, sold several service shops and sold its HVDC power transmission product line. In early 1988, GE also sold its interest in Sadelmi Cogepi, an international construction and engineering firm.

In addition, this business renewed its emphasis on service, advanced technology and international alliances as bridges to carry it into the next decade when market conditions are expected to improve.

GE Turbine, for example, strengthened its focus

GE Lighting brightened the 50th anniversary of the Golden Gate Bridge in 1987 by illuminating the bridge's 700-foot towers. Other famous structures lit by GE include London Bridge, Trevi Fountain, the Louvre Museum, the Alamo, the Statue of Liberty and Rockefeller Center.

on servicing — and improving — the installed "fleet" of nearly 12,000 GE steam and gas turbines worldwide. GE upgrade programs help utilities become more efficient, such as a recently completed project in Egypt that increased a power plant's output by 50% without any increase in fuel consumption. Other turbine upgrade programs are geared toward industrial users, such as paper mills, to help meet their changing needs for power and process steam.

These upgrade programs are implemented by GE's worldwide network of service shops and field engineers, the largest service contingent offered by any electrical equipment manufacturer.

Another key thrust is in building turnkey power plants, especially for the cogeneration market.

To maintain technology leadership, GE placed on test its highly advanced 7F gas turbine for 60-cycle applications and signed an agreement with Alsthom of France to codevelop the world's most powerful gas turbine for the international 50-cycle market. It will be able to produce enough electricity to power a city of more than 150,000 people.

International alliances — GE Turbine alone has 21 foreign associates in 13 countries — continued to open offshore markets. The Taiwan Power Company, for example, ordered four large steam-turbine generators to be manufactured by GE and its local partner, United Asia Electric Company.

On another front, the Tokyo Electric Power Company selected GE — in a consortium with Toshiba and Hitachi — to provide major generation equipment for two advanced boiling-water nuclear power plants. This project represents a $1 billion sales potential for GE. It includes fuel from GE Nuclear Energy, which continued to focus its resources on fuel and services in 1987.

Also included within this business are GE Power Delivery, whose new electronic time-of-use meters are gaining wide acceptance in the residential market; and GE Drive Systems, a leading supplier of customized controls and drives for industrial and utility applications worldwide.

GE Electrical Distribution and Control received one of the largest orders in its history during 1987 when the Saturn subsidiary of General Motors selected GE as a single-source supplier for its manufacturing complex in Tennessee.

As a Saturn supplier, GE will provide the plant's entire electrical system — switchgear, panelboards, transformers, safety switches, motor control centers, substations and several miles of busway. The plant also will include lighting and factory automation equipment from GE.

The Saturn contract helps reaffirm GE's position as a leading supplier of products that distribute, protect and control the flow of electricity.

To maintain that position, GE has committed an investment of more than $300 million over the five-year period ending in 1988 to upgrade its plants and products. As a result, GE Electrical Distribution and Control has introduced more new products over the past three years than were brought out in any comparable period.

Beyond product innovation and plant investment, this nearly $1 billion business is seeking to improve its global competitiveness through strategic alliances in Europe and the Far East. An agreement signed with Fuji Electric of Japan in 1987 was a major move in this direction. This agreement calls for an exchange of manufacturing and engineering technology and could lead to the joint development of new electrical distribution and control products for the worldwide market.

GE Motors took a significant step to retain its global competitiveness by starting up a joint venture with Hyundai of South Korea.

The highly automated Korean facility complements existing GE plants and produces newly designed motors to power pumps, compressors, fans, blowers and other equipment. The joint venture supplies North American customers and opens access to the growing Pacific Rim markets.

GE Motors took other actions to enhance its position as the world's leading supplier of electric motors. It improved customer service and product quality. It designed new motors for the automotive, pool and spa, and business equipment markets. And it announced a plant consolidation program to better utilize domestic capacity and reduce costs.

Another key move for this $1 billion business was a joint venture with Daewoo to produce motors for room air conditioners made in Korea for export to world markets. This "follow the product" strategy is important as foreign production of motor-containing products increases.

GE Transportation Systems introduced a bold new concept in the locomotive industry in 1987.

Referred to as LMX, this new "power purchase program" is giving the Burlington Northern Railroad substantial operating benefits by more closely integrating its capital spending and long-term operational needs.

Developed in conjunction with GE Capital, LMX encompasses 100 new Dash-8 locomotives with a 10-year operating guarantee for reliability and availability. With maintenance performed under contract by GE, LMX forms the foundation for a significant service thrust by GE Transportation Systems.

This business also received several significant orders in 1987, dramatically improving its market share. The Union Pacific Railroad, pleased with the reliability and quality of an earlier GE delivery, ordered 75 new locomotives from the Company. They will be the most powerful diesel-electric locomotives ever built by GE. Other key orders — totaling another 125 locomotives — came from Southern Pacific, Conrail, and The Atchison, Topeka and Santa Fe.

GE Transportation Systems also is a leader in electric propulsion systems for transit cars, such as those it is providing to the New York City Transit Authority, and in propulsion systems for giant off-highway vehicles with capacities up to 240 tons.

The Dash-8 in the center is one of 100 new LMX locomotives from GE Transportation Systems in service with Burlington Northern under an innovative arrangement with GE Capital while the Dash-8 locomotives on the left and right are part of recent deliveries to the Union Pacific and Southern Pacific railroads, respectively.

The Salem Harbor plant, in a project to provide electricity more efficiently to the North Shore of Massachusetts, underwent a 1987 turbine upgrade performed by GE Industrial and Power Systems service technicians.

Support Operations

International strengthens GE's global competitiveness through a regional and country organization that promotes business development in key markets and helps establish strong relationships with international customers and partners.

Increasingly, this international organization is focusing on finding and facilitating major alliance opportunities with leading European and Asian companies. Recent examples of this emphasis abound: the acquisition of CGR from Thomson and the sale of Consumer Electronics; the strategic alliance between Fuji Electric and GE Electrical Distribution and Control; alliances for GE Industrial and Power Systems with Middle East partners; a new partnership in India for GE Plastics; and joint ventures in Korea for GE Lighting and GE Motors.

GE Canada also provides the Company access into some important world markets. About $240 million of GE Canada's sales are for export, including such products as hydrogeneration equipment and large motors.

One of Canada's largest industrial concerns, GE Canada continued to concentrate its resources on three basic areas: consumer products, technology-based products and power systems.

GE Canada and GE Fanuc have teamed up to supply the motors, drive systems and these programmable controllers that operate the paper-making machinery at Domtar's new fine papers mill in Windsor, Québec.

GE Trading Company strengthens the Company's international sales competitiveness by structuring and fulfilling the offset, countertrade and barter requirements that are increasingly an integral part of overseas sales agreements.

During 1987, GE Trading Company generated more than $250 million in offset credits for the Company. For example, it completed — five years ahead of schedule — a program in China for GE Industrial and Power Systems and also structured a barter deal that allowed GE Transportation Systems to sell locomotives to Gabon.

GE Semiconductors designs and fabricates semiconductor chips for other GE businesses as well as for the external market.

Combining the solid-state resources of GE, RCA and Intersil, this business is one of the leading suppliers of CMOS integrated circuits and power devices in the United States.

GE is focusing its solid-state thrust on the automotive, military and industrial markets by leveraging a strong ASIC (application specific integrated circuit) capability with a broad line of CMOS logic devices in addition to standard and "Smart Power" products. It currently is a major supplier of CMOS logic products to the U.S. government.

In addition, this business signed a long-term agreement with IBM during the year to codevelop new ASIC products and technology that will have broad application for both internal and commercial use.

Ladd Petroleum provides a backup supply of petrochemical feedstock for GE Plastics as well as more than 50% of the natural gas used by domestic GE plants.

One of the 10 largest U.S. independent (non-major) oil and gas companies, Ladd has weathered the decline in oil and gas prices currently affecting the industry. It constructed two gas-gathering systems in Texas in 1987 and continued to expand its gas-marketing program.

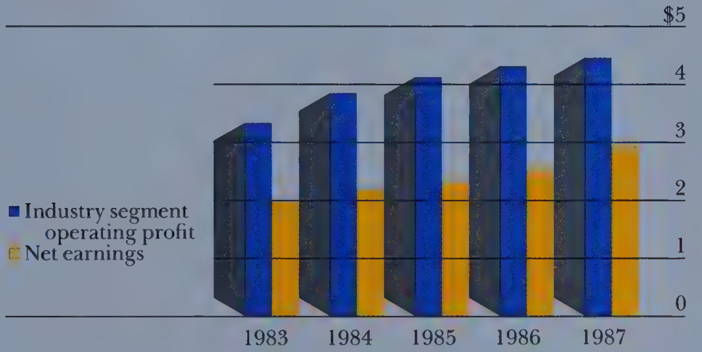
GE Supply supports the activities of several GE businesses by providing sales and distribution channels for electrical equipment to U.S. customers in the industrial and construction markets.

In addition to GE electrical distribution equipment, lighting, motors and factory automation products, this $1 billion business sells and distributes complementary non-GE products.

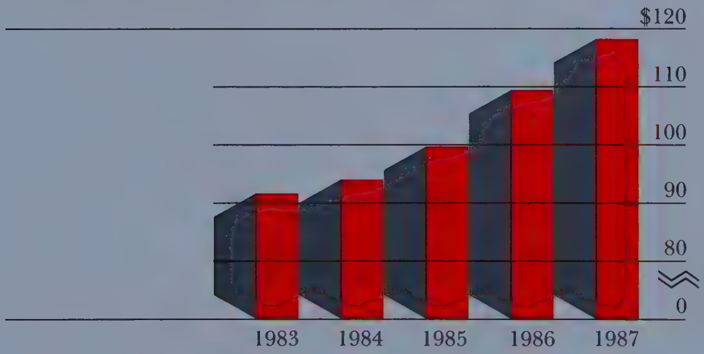
Quick Reference Index

Contents (detail)

Operating profit and net earnings (In billions)



Employee productivity (Constant dollar sales per employee; in thousands)



Management's Discussion of Earnings

The Statement of Earnings summarizes GE's operating performance for the past three years. Operating results for 1987 included a full year of RCA operations while 1986 results included RCA for only seven months.

▶ ***The 17% net earnings increase in 1987*** resulted from solid operating performance from GE's businesses, particularly Aircraft Engines, Financial Services, Medical Systems, NBC and Plastics. The earnings increase includes one-time gains from two accounting changes made during the year and significant provisions for business restructurings. Since these gains and unusual expenses complicate analysis of the 1987 Earnings Statement, they are summarized by quarter in the table below and are discussed more fully in the following paragraphs.

Restated quarterly after-tax earnings increase/(decrease) resulting from accounting changes and unusual expenses

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Accounting changes					
Inventory	$ 281	$ —	$ —	$ —	$ 281
Income tax:					
Cumulative catchup	577	—	—	—	577
Current quarter	(24)	(41)	(42)	(31)	(138)
Total	$ 834	$(41)	$(42)	$ (31)	$ 720
Unusual items					
GE	$(208)	$(43)	$(40)	$(350)	$(641)
GEFS	—	(26)	—	(18)	(44)
Extraordinary item	—	—	—	(62)	(62)
Total	$(208)	$(69)	$(40)	$(430)	$(747)

▶ ***The inventory accounting change*** was made in 1987's first quarter. The change includes more manufacturing overhead costs in inventory. This better matches GE's production costs with revenues and aligns GE practices more closely with the capitalization practices in the Tax Reform Act of 1986.

▶ ***The deferred income tax accounting change*** reflects rules that were revised for all companies during December 1987 with adoption allowed in either 1987, 1988 or 1989. GE chose 1987 to adopt the new rules despite the complications created by the restatement requirements of the ruling. The accounting rule, Statement of Financial Accounting Standards No. 96, requires that, if adopted in 1987, the cumulative impact of the accounting change up to January 1, 1987 be restated to the first quarter even though the decision to adopt in 1987 could not be made before the fourth quarter when the Standard was issued. The 1987 quarterly impact of the new accounting methodology also is shown in the above table of quarterly restatements.

▶ ***Unusual items*** reported in 1987 by GE consisted entirely of provisions for business restructurings. Business restructuring expenses involve significant changes made or being made to position GE for future growth by rationalizing, reorganizing and improving production activities; reducing foreign and domestic risk exposures; and phasing out or otherwise terminating business activities no longer compatible with management's long-term strategy objectives. Allocation of unusual items, including business restructurings, by industry segment for the years 1983-1987 can be found on page 34. For GE Financial Services, unusual items represented provisions for business restructurings and insider trading charges recorded by Kidder, Peabody.

▶ ***The extraordinary loss*** in 1987 is for the premium incurred by GE Capital Corporation for early retirement of certain high interest-rate debt as part of financial restructuring. When replaced with lower-cost borrowings, there will be an overall economic benefit to GE.

▶ ***Total revenues*** were up 10% in 1987 following a 26% increase the year before. Inclusion of a full year of RCA businesses in 1987 partially accounts for the current-year increase. Industry segment information beginning on page 32 presents information on changes in revenues as well as other operating information. In total, the increase of 12% in sales was more than accounted for by a higher volume of shipments partially offset by lower prices, a situation similar to that in 1986 compared with 1985.

Earnings of GE Financial Services are commented on under industry segments.

Other sources of income were down considerably — 36% in 1987 following a sharp increase in 1986. Principal reasons for the decrease in 1987 were lower income from short-term investments, which had built up in 1986 preparatory to the RCA acquisition, and lower gains from fewer sales of Toshiba Corporation stock.

▶ ***Total cost of sales and selling, general and administrative expenses*** increased 11% in 1987, or one point less than the related increase in sales. This reflects management's continuing drive to improve cost structures and strengthen productivity throughout GE.

▶ ***Interest and other financial charges*** were up $20 million in 1987 following a $264 million increase in 1986, principally related to the RCA acquisition. The 1987 increase came from a somewhat higher average level of interest rates partly offset by somewhat lower average borrowings.

▶ ***Details of the provision for income taxes,*** excluding items pertaining to the "cumulative catchups" discussed above, can be found in note 8 to the financial statements.

Statement of Earnings

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)	**1987**	1986	1985
Revenues			
Sales of goods	**$29,937**	$28,139	$23,963
Sales of services	**9,378**	7,072	4,323
Earnings of General Electric Financial Services, Inc. (note 15)	**552**	504	413
Other income (note 5)	**648**	1,013	541
Total revenues	**40,515**	36,728	29,240
Costs and expenses			
Cost of goods sold	**22,359**	20,757	17,672
Cost of services sold	**7,298**	5,430	3,171
Selling, general and administrative expense	**5,979**	5,963	4,594
Interest and other financial charges (note 6)	**645**	625	361
Unusual items (note 7)			
(Gains) from sales of assets	**—**	(50)	(518)
Provisions for business restructuring activities	**1,027**	311	447
Special payment to nonexempt and hourly employees	**—**	—	93
Total costs and expenses	**37,308**	33,036	25,820
Earnings before income taxes, extraordinary item and cumulative effect of changes in accounting principles	**3,207**	3,692	3,420
Provision for income taxes (note 8)	**(1,088)**	(1,200)	(1,143)
Earnings before extraordinary item and cumulative effect of changes in accounting principles	**2,119**	2,492	2,277
Extraordinary item — GE Capital Corporation loss on early extinguishment of certain long-term debt (note 15)	**(62)**	—	—
Cumulative effect to January 1, 1987 of initial application of Statement of Financial Accounting Standards No. 96 — "Accounting for Income Taxes" (note 1)			
GE and consolidated affiliates	**59**	—	—
GE Financial Services, Inc.	**518**	—	—
Cumulative effect to January 1, 1987 of changing overhead recorded in inventory (note 1)	**281**	—	—
Net earnings	**$ 2,915**	$ 2,492	$ 2,277
Net earnings per share (in dollars)			
Before extraordinary item and cumulative effect of changes in accounting principles	**$ 2.33**	$ 2.73	$ 2.50
Extraordinary item — GE Capital Corporation loss on early extinguishment of certain long-term debt	**(.07)**	—	—
Cumulative effect to January 1, 1987 of initial application of Statement of Financial Accounting Standards No. 96 — "Accounting for Income Taxes"			
GE and consolidated affiliates	**.06**	—	—
GE Financial Services, Inc.	**.57**	—	—
Cumulative effect to January 1, 1987 of changing overhead recorded in inventory	**.31**	—	—
Net earnings per share	**$ 3.20**	$ 2.73	$ 2.50
Dividends declared per share (in dollars)	**$ 1.325**	$ 1.185	$ 1.115

The notes to financial statements on pages 37-51 are an integral part of this statement. Per-share amounts have been adjusted for the 2-for-1 stock split in April 1987. Financial information includes RCA results from June 1, 1986.

Management's Discussion of Financial Position

GE's balance sheet — the Statement of Financial Position — showed an increase in total assets to almost $39 billion at year-end 1987, up $4.3 billion from 1986. On December 31, 1987, GE and a French electronics company, Thomson, S.A., completed a transaction in which GE acquired most of Thomson's medical equipment business (CGR) and Thomson acquired most of GE's consumer electronics business. CGR's assets and liabilities are included in GE's year-end 1987 balances based on preliminary, estimated data. Consumer electronics' amounts have been removed from year-end 1987 balances.

▸ ***Cash and marketable securities*** classified as current at December 31, 1987 amounted to $2.7 billion, up $773 million. Funds held for business development, which are not classified as current assets, decreased by $316 million to $81 million in 1987. The decrease represented principally GE's purchase of a television station in Miami, Fla.

▸ ***Current receivables*** are mainly amounts due from customers ($5.5 billion at December 31, 1987; $5.7 billion at December 31, 1986). Most of the decrease was accounted for by the sale of the consumer electronics business. At year end, customer receivables as measured by number of days billing outstanding were 36 days, down from 39 days on a comparable basis at the end of 1986. This was the lowest point for this measurement in many years. Other customer receivables measurements such as delinquency ratios and amounts past due also improved again, showing the results of major attention to working capital management throughout the Company. The overall condition of customer receivables remained excellent at year end. Current receivables other than those owed by customers include amounts due from various types of non-sales transactions, such as advances to suppliers in connection with large contracts.

▸ ***Inventories*** of $6.3 billion at December 31, 1987 were $1.1 billion more than at the end of 1986. The increase was more than accounted for by the effect of changing GE's inventory accounting to include certain types of manufacturing overhead previously charged directly to expense (see note 1 to the financial statements) and by reclassification of RCA Aerospace and Defense balances to the basis used in GE's Aerospace business. Aggressive inventory management is part of GE's working capital efficiency drive, and at year end the number of days of output on hand was 153, or 11 days less than at December 31, 1986 on a comparable basis.

The last-in first-out (LIFO) revaluation increased $324 million during the year, mostly related to the inventory accounting change discussed in note 1 to the financial statements. In 1986 and 1985, there had been net favorable LIFO adjustments to cost of sales of $104 million and $171 million, respectively. These amounts included reductions in LIFO reserves of $51 million (1986) and $128 million (1985) because of reduced inventory levels, mainly in power systems businesses. Such favorable adjustments from lower inventory balances were modest in 1987.

▸ ***Other investments*** increased $1.7 billion in 1987. Most of the increase was from growth in retained earnings of General Electric Financial Services, Inc. Other increases included additional investments in associated companies.

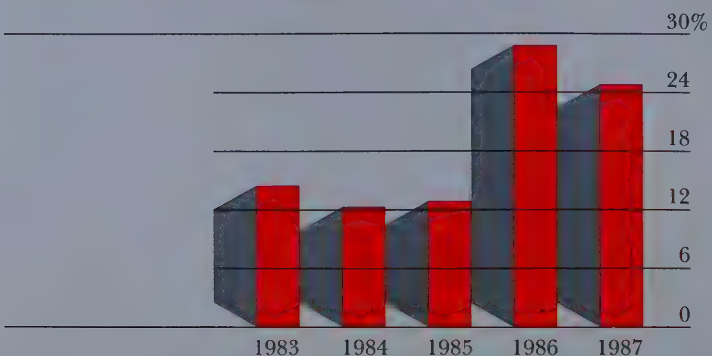
▸ ***Intangible assets,*** representing mostly RCA intangible assets such as licenses and goodwill arising from the RCA acquisition, were $4.4 billion at the end of 1987. The increase of $849 million from 1986 represented primarily an increase in RCA goodwill (net of amortization) resulting from completion of appraisal and evaluation studies during 1987.

▸ ***Other assets*** of $3.8 billion at December 31, 1987 were up from $2.6 billion at the comparable date a year ago. Principal items accounting for the increase were a higher deferred tax asset resulting primarily from restructuring reserves, and more recoverable engineering costs on government contracts.

▸ ***Total borrowings*** at December 31, 1987 amounted to $5.6 billion, down $563 million from the end of 1986. The decrease was in short-term borrowings that were down $703 million even after adding about $200 million of CGR debt.

GE's total debt improved to 25.1% of total capital at the end of 1987, a substantial reduction from 28.7% a year earlier following the RCA acquisition. The major debt-rating agencies continue to evaluate GE's debt as being of the highest standing, "triple A."

Borrowings as a percentage of total capital invested — December 31



Statement of Financial Position

General Electric Company and consolidated affiliates

At December 31 (In millions)	1987	1986
Assets		
Cash (note 9)	**$ 1,834**	$ 1,698
Marketable securities (note 9)	**858**	221
Current receivables (note 10)	**6,782**	7,208
Inventories (note 11)	**6,265**	5,161
Current assets	**15,739**	14,288
Property, plant and equipment — net (note 12)	**9,255**	9,841
Funds held for business development (note 13)	**81**	397
Other investments (note 14)	**5,621**	3,914
Intangible assets (note 16)	**4,430**	3,581
Other assets (note 17)	**3,794**	2,570
Total assets	**$38,920**	$34,591
Liabilities and equity		
Short-term borrowings (note 18)	**$ 1,110**	$ 1,813
Accounts payable (note 19)	**2,615**	2,594
Progress collections and price adjustments accrued	**3,760**	2,273
Dividends payable	**319**	287
Taxes accrued	**1,382**	1,153
Other costs and expenses accrued (note 20)	**3,485**	3,341
Current liabilities	**12,671**	11,461
Long-term borrowings (note 21)	**4,491**	4,351
Other liabilities (note 20)	**5,088**	3,481
Total liabilities	**22,250**	19,293
Minority interest in equity of consolidated affiliates	**190**	189
Common stock (926,564,000 shares issued)	**584**	579
Other capital	**878**	733
Retained earnings	**15,878**	14,172
Less common stock held in treasury	**(860)**	(375)
Total share owners' equity (notes 22 and 23)	**16,480**	15,109
Total liabilities and equity	**$38,920**	$34,591
Commitments and contingent liabilities (note 24)		

The notes to financial statements on pages 37-51 are an integral part of this statement. Share data have been adjusted for the 2-for-1 stock split in April 1987.

The Statement of Changes in Financial Position and related comments on pages 28 and 29 present additional information about changes in the balance sheet during 1987 as well as comparative data for prior years.

In summary, the Company's financial position remains strong. GE's financial resources and liquidity and the highest possible credit rating supplemented by bank credit lines are believed entirely adequate to:

- Provide for seasonal working capital needs during 1988.
- Pay for new plant and equipment expenditures that are expected to be about $1.7 billion during 1988. Estimated future plant expenditures already approved also aggregated $1.7 billion at the end of 1987, of which approximately 50% is planned to be spent in 1988.
- Enable GE to continue a high level of programmed expenses as well as to support other internal and external business growth activities and opportunities.

▸ ***A major reporting change will affect the 1988 Annual Report.*** At next year end, a new Statement of Financial Accounting Standards (No. 94) will require full consolidation of all majority-owned subsidiaries. This means that the accounts of General Electric Financial Services, Inc. will be combined with those of the presently consolidated companies GE controls. This consolidation will not change GE's net earnings or share owners' equity, but it will drastically alter the appearance of the financial statements, in particular the balance sheet, to which more than $60 billion of assets and liabilities will be added.

Management's Discussion of Changes in Financial Position

The Statement of Changes in Financial Position summarizes the main sources of GE's funds and the uses made of those funds. This Statement helps to show the relationship between operations, which are presented in the Statement of Earnings, and liquidity and financial resources, which are depicted in the Statement of Financial Position.

▶ ***Funds provided from operations,*** after various adjustments shown in the top portion of the Statement, were $3.1 billion in 1987, about the same level as in each of the previous two years. These funds from operations are net after leaving almost $1.5 billion during those three years from normal net earnings of nonconsolidated financial services affiliates in those businesses to help them finance their own continued growth.

▶ ***Working capital*** can be either a provider or user of funds. Intense attention to working capital assets so as to minimize unnecessary lock-up of funds while at the same time ensuring adequate resources for growth of GE's businesses is a major focus. Comments on page 26 about receivables and inventory measurements explain current results of GE's working capital management programs. Aggressive actions to better utilize working capital added $1.2 billion of funds from working capital in 1987, bringing the total of funds provided from current-year operations and asset management to $4.3 billion for the year.

▶ ***The 1986 RCA acquisition*** was the Company's largest ever and the related financing in that year is summarized on the Statement. There were no transactions of similar size in 1987, and it is no longer informative to accumulate numerous relatively small cash amounts for transactions related to RCA, particularly disposition activity. Additional financing and debt payments related to RCA were nominal in 1987.

▶ ***Investment and other long-term*** transactions in the aggregate were about at the same level during the past three years, ranging between $1.3 billion and $1.6 billion of funds usage. Additions to property, plant and equipment have been GE's principal long-term use of funds for many years. Aggregate expenditures for new plant (excluding acquisition of RCA's) were $5.8 billion in 1985-1987.

Dispositions of property, plant and equipment in 1987 included the transfer of Consumer Electronics to Thomson, S.A. Plant and equipment added from Thomson was not significant.

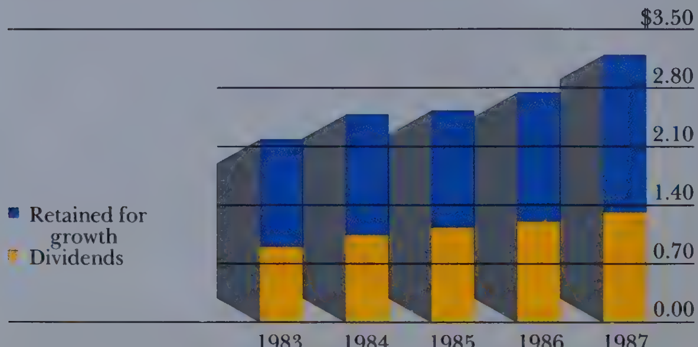
▶ ***Financial transactions*** other than specific borrowings related to acquisition of RCA in 1986 have not been a significant GE need in recent years. It is possible that GE might add to or retire long-term borrowings in 1988, depending on financial market conditions and/or possible strategic business acquisition opportunities. With its excellent credit rating, GE is in a position to take maximum advantage of any such developments.

▶ ***Dividends paid*** totaled $1.177 billion in 1987. Dividends paid during 1987 totaled $1.29 per share. At the same time, the Company retained sufficient earnings to support enhanced productive capability and to provide adequate financial resources for internal and external growth opportunities. The two increases in dividends declared — second quarter and fourth quarter of 1987 — marked the twelfth consecutive year of dividend growth.

▶ ***In summary,*** the Company during 1987 generated significant amounts of funds from operations and working capital, reduced short-term borrowings by $700 million and added almost $800 million to cash and equivalents. Combined with the financial flexibility that comes from top credit ratings, GE is positioned to finance a major acquisition on favorable economic terms, continue other long-term investments for growth and again increase dividends to share owners.

▶ ***Another accounting rule change in 1988*** will replace the Statement of Changes in Financial Position with a Statement of Cash Flows. This rule (Statement of Financial Accounting Standards No. 95) would not significantly modify GE's existing format. However, when combined with the prospective change in consolidations (see page 27), the 1988 presentation will be substantially different as it will include cash flows of General Electric Financial Services, Inc.

Net earnings retained for growth and used for dividends (In dollars per share)



Statement of Changes in Financial Position
Funds provided (used)

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)	1987	1986	1985
Funds provided from operations			
Net earnings	$ 2,915	$ 2,492	$ 2,277
Less extraordinary item and cumulative effect of changes in accounting principles	(796)	—	—
	2,119	2,492	2,277
Adjustments for items not representing current fund usage:			
Depreciation, depletion and amortization	1,544	1,460	1,249
Earnings retained by nonconsolidated financial services affiliates	(561)	(506)	(411)
Income tax timing differences	(160)	(158)	128
All other operating items	164	77	12
Funds provided from operations	3,106	3,365	3,255
Funds provided from (used for) changes in working capital			
Decrease (increase) in inventories	(1,104)	(317)	(279)
Decrease (increase) in current receivables	426	629	(531)
Increase (decrease) in current liabilities (except short-term borrowings)	1,913	(400)	62
Net funds provided from (used for) working capital	1,235	(88)	(748)
Total funds provided from operations and working capital	4,341	3,277	2,507
Funds used at acquisition date (June 1986) to purchase RCA			
Purchase price	—	(6,406)	—
Less RCA cash and marketable securities	—	296	—
New borrowings to acquire RCA	—	5,406	—
Net reduction of funds at acquisition date	—	(704)	—
RCA financing transactions during 1986			
Proceeds from sales of assets	—	1,367	—
Repayments and other reductions in RCA long-term borrowings	—	(490)	—
Net addition to funds during 1986	—	877	—
Funds provided from (used in) investment and other long-term transactions			
Additions to property, plant and equipment	(1,778)	(2,042)	(1,953)
Dispositions of property, plant and equipment	636	275	142
Use of funds held for business development	316	329	88
Additional investments in nonconsolidated financial services affiliates	(106)	(50)	—
All other transactions — net	(411)	152	153
Net investment transactions	(1,343)	(1,336)	(1,570)
Funds provided from (used in) financial transactions			
Disposition of GE shares from treasury	361	283	286
Purchase of GE shares for treasury	(846)	(348)	(283)
New issues and other increases in long-term borrowings	396	21	171
Repayments and other decreases in long-term borrowings	(256)	(67)	(171)
Net financial transactions	(345)	(111)	3
Funds used for dividends paid	(1,177)	(1,058)	(1,006)
Net increase (decrease) in funds	$ 1,476	$ 945	$ (66)
Analysis of net change in funds			
Increase (decrease) in cash and marketable securities	$ 773	$ (638)	$ 184
Decrease (increase) in short-term borrowings (excluding acquisition of RCA)	703	1,583	(250)
Increase (decrease) in funds	$ 1,476	$ 945	$ (66)

The notes to financial statements on pages 37-51 are an integral part of this statement. Financial information includes RCA results from June 1, 1986.

Management's Discussion of Selected Financial Data

Selected Financial Data provides both a handy reference for some data frequently requested about GE and a record that may be useful in reviewing trends. However, in relating 1987 operating data to prior years, care should be taken to review the comments on page 24 pertaining to accounting changes and business restructurings in 1987. Also, it should be remembered that data for 1986 include RCA results for the last seven months and data for 1987 include RCA for the full year.

▸ ***GE's net earnings*** have increased at a faster rate over the past five years than have revenues. This reflects, among other things, improved productivity and cost structures as well as dispositions of several low-margin businesses. As shown in the first graph on page 23, GE's industry segment operating profit, which is the principal source of earnings, has improved in each of the past five years.

Inflation has not been a significant factor in the Company's earnings growth in recent years because of the relatively slow rate of price increases in the United States economy.

▸ ***Property, plant and equipment additions*** were $1.8 billion in 1987, making the total for the last five years (excluding additions by acquisition of RCA) $10 billion. Of that total, 30% was to increase capacity; 26% was to increase productivity; 14% was to support new business start-ups; 12% was to replace and renew older equipment; and 18% was for such other projects as improving R&D facilities and safety and environmental protection.

▸ ***Total research and development expenditures*** in 1987 were $3 billion, of which $1.2 billion was from Company funds. These expenditures, which support future growth, were somewhat less than in 1986 ($3.3 billion total; $1.3 billion of GE funds), principally because of integrating RCA's operations and donating RCA's David Sarnoff Research Center to SRI International.

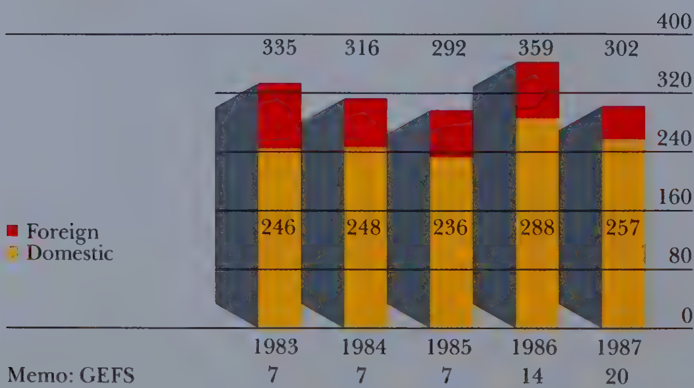
▸ ***GE's worldwide employment*** at the end of each of the last five years is shown in the graph below. The steady increase in productivity each year from 1983 through 1987 is portrayed in the second graph on page 23. During these years, constant dollar sales rose from about $91,000 per employee to about $119,000 per employee — a 30% increase. Much of the current-year reduction in employees resulted from the year-end transaction in which there were considerably more consumer electronics employees transferred to Thomson, S.A. than were transferred from Thomson into GE's Medical Systems business.

▸ ***The backlog of unfilled orders*** at the end of 1987 was $22.7 billion. Orders constituting this backlog may be canceled or deferred by customers (subject in certain cases to cancellation penalties).

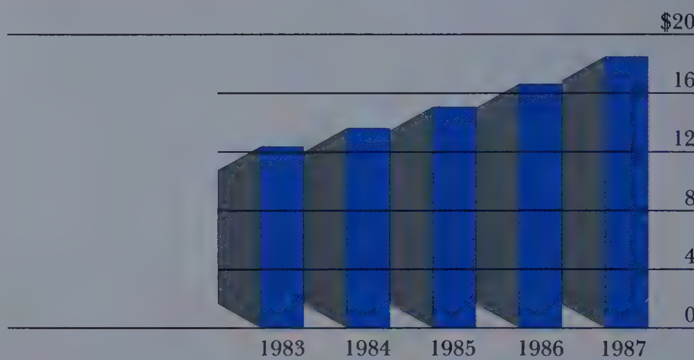
The significance of backlogs in understanding the Company's business has been changing. Many of the key businesses which are now providing GE's growth operate in markets such as appliances, plastics and services where order-to-shipment cycles are short. In businesses where long order-to-shipment cycles are typical, aircraft engines have been growing rapidly in recent years while power systems have been declining and continue to do so. Although GE remains a leader in most power systems products, domestic and foreign markets have been declining in recent years and worldwide competition has intensified. New power systems order rates are quite low by long-term historical standards and backlogs for virtually all power systems products are declining. Company management continues vigorous efforts to improve power systems' cost-competitiveness and to adapt products and marketing to the changing environment.

About 57% of the total backlog at December 31, 1987 is scheduled to be shipped in 1988, with most of the

Consolidated employment at year end (In thousands)



Share owners' equity per share — December 31 (In dollars)



Selected Financial Data

General Electric Company and consolidated affiliates

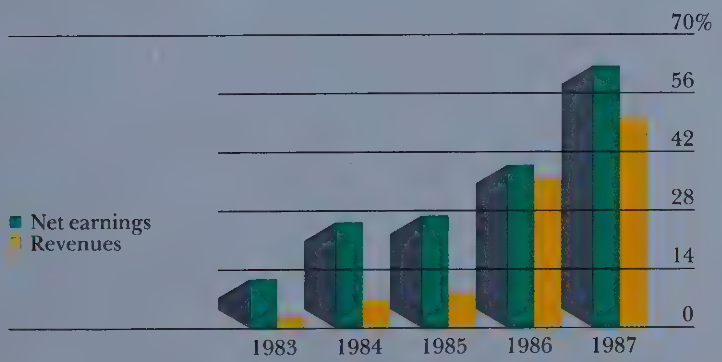
(Dollar amounts in millions; per-share amounts in dollars)	**1987**	1986	1985	1984	1983
Revenues	**$ 40,515**	$ 36,728	$ 29,240	$ 28,920	$ 27,643
Earnings before extraordinary loss and cumulative effect of accounting changes	**2,119**	2,492	2,277	2,239	2,002
Net earnings	**2,915**	2,492	2,277	2,239	2,002
Earned on average share owners' equity	**18.5%**	17.3%	17.5%	19.0%	18.9%
Earnings per share					
Before extraordinary loss and cumulative effect of accounting changes	**$ 2.33**	$ 2.73	$ 2.50	$ 2.47	$ 2.20
Net earnings	**3.20**	2.73	2.50	2.47	2.20
Dividends declared per share	**1.325**	1.185	1.115	1.025	0.9375
GE stock price range	**66⅜-38¾**	44⅜-33¼	36⅞-27¾	29⅝-24⅛	29⅜-22⅝
Dividends declared	**$ 1,209**	$ 1,081	$ 1,020	$ 930	$ 852
Shares outstanding — average (in thousands)	**911,639**	912,594	910,762	907,360	909,536
Share owner accounts — average	**491,000**	492,000	506,000	520,000	501,000
Short-term borrowings	**$ 1,110**	$ 1,813	$ 1,297	$ 1,047	$ 1,016
Long-term borrowings	**4,491**	4,351	753	753	915
Minority interest in equity of consolidated affiliates	**190**	189	126	128	167
Share owners' equity	**16,480**	15,109	13,671	12,398	11,137
Total capital invested	**$ 22,271**	$ 21,462	$ 15,847	$ 14,326	$ 13,235
Return on average total capital invested	**14.7%**	13.9%	16.2%	17.6%	17.4%
Total assets	**$ 38,920**	$ 34,591	$ 26,162	$ 24,555	$ 23,047
Property, plant and equipment additions other than additions by acquisition of RCA	**1,778**	2,042	1,953	2,419	1,671
Year-end orders backlog	**22,737**	23,943	23,117	22,577	20,589

See notes 1 and 15 to the financial statements for information about accounting changes and extraordinary loss. Per-share amounts have been adjusted for the 2-for-1 stock splits in April 1987 and April 1983. Financial information includes RCA results from June 1, 1986 unless stated otherwise.

remainder to be shipped in the two years after that. For comparison, about 60% of the 1986 backlog was expected to be shipped in 1987.

Unfilled orders for export of all types of products and services from the United States were $6.0 billion at December 31, 1987, up from $4.2 billion the year before. The backlog of aircraft engine orders for export increased by about 80% in 1987 and aircraft engines made up more than three-quarters of the 1987 unfilled export order backlog.

Net earnings and revenues percentage increase from 1982



Management's Discussion of Industry Segments

The Summary of Industry Segments groups GE's various businesses by the principal industries in which they participate. These differ from the groupings presented earlier in this report, which focus on key businesses in terms of strategy considerations involving resource allocation and long-term goals. For a description of the businesses in each segment and for additional details, see note 25 to the financial statements.

▶ ***Total operating profit*** has grown at an average annual rate of 7.2% over the last five years. This growth is after absorbing unusual expenses each year, particularly significant business restructuring provisions in 1987.

Operating profit for the year 1987 was not affected by the inventory and income tax accounting changes.

Unusual items entering into the determination of operating profit are shown by industry segment for each of the last five years in the table at the top of page 34.

▶ ***Aerospace*** revenues were up 22% in 1987 from 1986, reflecting a full year of RCA operations plus overall volume increases. Flat year-to-year operating profit reflected business restructuring costs and increased amortization costs from completion of RCA purchase cost allocations.

▶ ***Aircraft engines*** revenues in 1987 were 13% more than in 1986, and operating profit increased by 8%. The principal reason for the continued improvement in results was again a higher volume of shipments, which have risen steadily for seven years. Higher operating profit has also been achieved consistently despite substantial expenditures for research and development, investment in plant improvements and capacity expansion necessary to upgrade production efficiency and provide the advanced technology required by all aircraft engine customers. New orders of $8.2 billion received during 1987 were up 29% from 1986 and were a new high for GE's aircraft engine business.

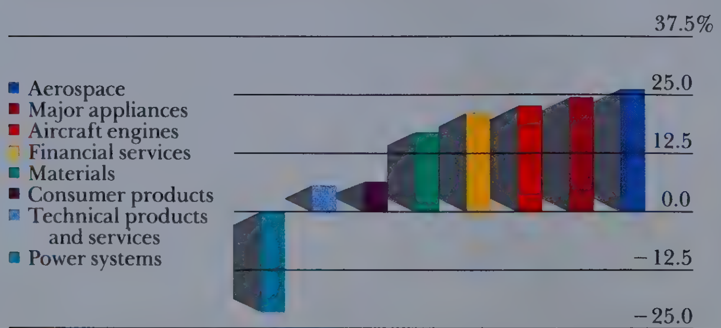
▶ ***Consumer*** products revenues increased 8% in 1987 from the prior year but operating profit declined 28% as significant restructuring plans were implemented and amortization of RCA purchase cost allocations was increased based on completion of appraisal and evaluation work. This segment in 1987 included the consumer electronics business that was sold late in December. Higher consumer electronics volume (RCA operations were included for 12 months of 1987, compared with only seven months of 1986) was more than offset by lower selling prices and greater RCA purchase cost allocations. Lighting operating margins improved somewhat in 1987, reflecting benefits of improved cost structures. Licensing income, mostly from consumer-electronics-related patents, rose considerably in 1987 due to inclusion of 12 months of RCA in the current year compared with seven months last year.

▶ ***Financial services*** operating profit is virtually all accounted for by General Electric Financial Services, Inc.'s (GEFS) earnings before cumulative effect of the income tax accounting change and extraordinary loss. Such earnings were 10% more in 1987 than in 1986. Within GEFS, the 1987 earnings of GE Capital Corporation (formerly GE Credit Corporation) increased 24% from 1986 mainly from a higher level of "earning assets," an increase in gains from sales of warrants obtained in connection with certain loans, and somewhat lower interest rates for borrowed funds. Partially offsetting these improvements were somewhat lower financing yields. Employers Reinsurance Corporation's earnings also were up 24% in 1987 on higher volume, good investment portfolio performance and good underwriting experience. Kidder, Peabody's loss, compared with a profit the previous year, reflected the impact of business restructurings and insider trading charges.

▶ ***Industrial*** revenues for 1987 were even with 1986 but a small operating loss ($26 million) was incurred. The operating loss was the result of widespread restructuring provisions to cover business exits, such as Carboloy, rationalizing several production operations, and reorganizing and integrating marketing and distribution activities.

▶ ***Major appliances*** revenues increased 8% from 1986 and operating profit was up 6% despite some restructuring costs associated with production rationalization plans. There were strong volume increases in core appliance lines, such as refrigerators, with sales through retail channels up and contractor sales about flat. Productivity again improved. Lower prices and cost inflation partially offset these favorable factors.

Five-year average annual growth rates — operating profit (Excluding NBC, Industrial and "all other")



Summary of Industry Segments

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)	1987	1986	1985	1984	1983
Revenues					
Aerospace	**$ 5,262**	$ 4,318	$ 3,085	$ 2,622	$ 2,084
Aircraft engines	**6,773**	5,977	4,712	3,835	3,495
Consumer products	**5,042**	4,654	3,220	3,466	3,422
Financial services	**632**	585	499	448	397
Industrial	**4,707**	4,711	4,762	4,495	4,509
Major appliances	**4,721**	4,352	3,617	3,650	3,078
Materials	**2,751**	2,331	2,119	2,280	1,885
National Broadcasting Company	**3,165**	1,817	—	—	—
Power systems	**4,995**	5,262	5,824	6,289	5,981
Technical products and services	**3,670**	3,021	2,317	2,402	2,154
All other	**85**	774	—	434	1,419
Corporate items and eliminations	**(1,288)**	(1,074)	(915)	(1,001)	(781)
Total revenues	**$40,515**	$36,728	$29,240	$28,920	$27,643
Operating profit					
Aerospace	**$ 603**	$ 608	$ 437	$ 332	$ 201
Aircraft engines	**940**	869	673	460	395
Consumer products	**416**	577	425	553	309
Financial services	**558**	488	420	355	290
Industrial	**(26)**	182	252	79	94
Major appliances	**490**	462	399	381	383
Materials	**507**	424	330	446	314
National Broadcasting Company	**455**	203	—	—	—
Power systems	**199**	354	740	549	695
Technical products and services	**275**	112	22	(8)	166
All other	**23**	31	370	632	452
Total industry segment operating profit	**4,440**	4,310	4,068	3,779	3,299
Interest and other financial charges	**(645)**	(625)	(361)	(335)	(370)
Corporate items not traceable to segments, and intersegment eliminations	**(588)**	7	(287)	(175)	30
Earnings before income taxes, extraordinary item and cumulative effect of changes in accounting principles	**$ 3,207**	$ 3,692	$ 3,420	$ 3,269	$ 2,959

The notes to financial statements on pages 37-51 are an integral part of this statement. Financial information includes RCA results from June 1, 1986.

▸ ***Materials*** revenues and operating profit were 18% and 20% higher, respectively, in 1987 than in 1986. Robust volume in all plastics product lines was the principal contributor to the improved operating profit. Plastics continued to expand in markets such as automotive components and food packaging.

▸ ***National Broadcasting Company*** 1987 revenues and operating profit ($3.2 billion and $455 million, respectively) were substantially ahead of 1986 when NBC was included with GE only for the last seven months. On a full-year-comparison basis, NBC's operating profit was well ahead of 1986 on somewhat higher revenues. This reflected solid margin improvements, principally in network operations that had strong gains in sports and prime-time entertainment. TV stations earnings also improved, mainly because of lower operating costs.

▸ ***Power systems*** revenues declined 5% in 1987 — the third consecutive year of lower revenues — and operating profit dropped 44%. The significant decline in operating profit was more than accounted for by the cost of a

Unusual items included in operating profit (In millions)	**1987**	1986	1985	1984	1983
Aerospace	**$ (31)**	$ (4)	$ (4)	$ —	$ —
Aircraft engines	**(72)**	4	(3)	(50)	(8)
Consumer products	**(166)**	(35)	40	91	(11)
Financial services	**(a)**	—	—	—	(16)
Industrial	**(282)**	(72)	(80)	(147)	(89)
Major appliances	**(54)**	(20)	(68)	(81)	—
Materials	**(14)**	—	(15)	(28)	(5)
National Broadcasting Company	**—**	—	—	—	—
Power systems	**(264)**	(175)	(78)	(261)	(5)
Technical products and services	**(95)**	2	(53)	(129)	(5)
All other	**—**	15	370	500	—
Corporate items	**(49)**	24	(131)	(40)	109
Total unusual items	**$ (1,027)**	$ (261)	$ (22)	$ (145)	$ (30)

(a) In addition, GE Financial Services' earnings, which are part of GE's operating profit, include $91 million (before taxes) of unusual expenses. However, GE Financial Services' extraordinary loss ($62 million after taxes) is not included in consolidated operating profit. See note 15 to the financial statements.

number of restructuring programs throughout this segment, including costs associated with restructuring the nuclear business to focus resources on refueling and servicing its installed boiling-water reactors.

▸ ***Technical products*** 1987 revenues increased 21% and operating profit more than doubled from 1986. The increase in operating profit was led by Medical Systems, which had good volume growth particularly in computed tomography, service and magnetic resonance lines. Communications and Services also had higher results, partly from inclusion of a full year of RCA operations but also from improved productivity. Calma Company's operating loss was again reduced considerably.

▸ ***Corporate items,*** which are included in Company earnings but which are not traceable to industry segments, aggregated a loss of $588 million in 1987 compared with a small gain in 1986. This caption includes both expenses, such as the Corporate R&D Center and corporate staffs, and income from corporate treasury activities. In 1987, there was much lower income from corporate-level investments and virtually no counterpart to gains from sale of Toshiba stock in 1986.

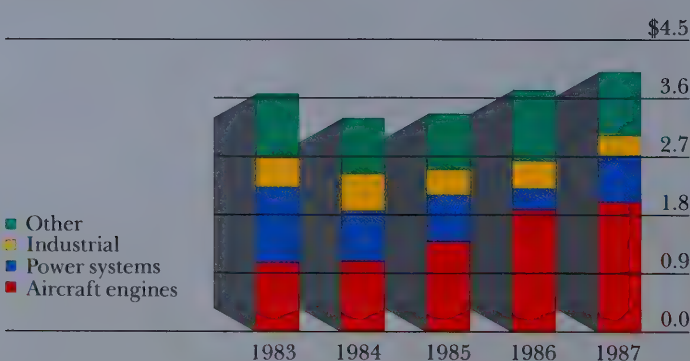
▸ ***GE's exports to external customers*** totaled $4.0 billion in 1987, up from 1986's $3.7 billion. The graph shows the major contributors to GE's export growth for the past five years, clearly depicting the substantial increase in aircraft engines over the period with a much lower contribution from power systems products. Export sales by major world areas for the past three years are shown below.

U.S. exports to external customers (In millions)	**1987**	1986	1985
Europe	**$1,253**	$1,634	$1,215
Pacific basin	**1,146**	985	965
Middle East and Africa	**762**	490	533
Americas	**625**	476	502
Other areas	**238**	124	134
Total	**$4,024**	$3,709	$3,349

In addition, exports from GE operations in the United States to GE affiliates offshore were $801 million in 1987, $639 million in 1986 and $671 million in 1985. Imports from GE's offshore affiliates were $1,095 million, $563 million and $538 million in each of the last three years, respectively.

GE's total international operations (all exports plus foreign affiliates) had revenues of $9.2 billion and operating profit of $1.7 billion in 1987 compared with revenues of $8.3 billion and operating profit of $1.3 billion in 1986.

U.S. exports to external customers (In billions)



Management's Discussion of Financial Responsibility

The financial information in this report, including the audited financial statements, has been prepared by GE management. Preparation of financial statements and related data involves estimates and the use of judgment. Accounting principles used in preparing the financial statements are those which are generally accepted in the United States. These principles are consistent in most important respects with standards issued by the International Accounting Standards Committee. In a few important instances, which are commented on in note 1 on page 37, where there is no single specified accounting principle or standard, management makes a choice from reasonable, accepted alternatives, using methods which it believes are prudent for GE.

To safeguard Company assets, it is important to have a sound but dynamic system of internal financial controls and procedures that balances benefits and costs. One of the key elements of GE's internal financial controls has been the Company's success in recruiting, selecting, training and developing professional financial managers. Their responsibilities include implementing and overseeing the financial control system, reporting on management's stewardship of the assets entrusted to it by share owners, and performing accurate and proper maintenance of the accounts.

Management has long recognized its responsibility for conducting the affairs of the Company and its affiliates in an ethical and socially responsible manner. GE is dedicated to the highest standards of integrity. Integrity is not an occasional requirement but a continuing commitment which is reflected in key written policy statements. These cover, among other subjects, potentially conflicting outside business interests of employees, compliance with antitrust laws, and proper domestic and international business practices. Management insists on maintaining the highest standards of conduct and practices with respect to transactions with the United States government. There is continuing emphasis to all employees that even the appearance of impropriety can erode public confidence in the Company and in the government procurement process. Ongoing education, communication and review programs are designed to create a strong compliance environment and to make it clearly understood that deviation from Company policies will not be tolerated.

Peat Marwick Main & Co. provide an objective, independent review of management's discharge of its obligations relating to the fairness of reported operating results and financial condition. Their report for 1987 appears on the next page.

The Audit Committee of the Board (consisting solely of Directors from outside GE) maintains an ongoing appraisal — on behalf of share owners — of the effectiveness of the independent public accountants, the Company's staff of corporate auditors and GE management, with respect to preparation of financial statements, and of the adequacy of internal financial controls. The committee also reviews the Company's accounting policies, internal accounting controls, and the Annual Report and proxy material.

John F. Welch, Jr.
Chairman of the Board and
Chief Executive Officer

Dennis D. Dammerman
Senior Vice President
Finance

February 12, 1988

Report of Independent Certified Public Accountants

To Share Owners and Board of Directors of General Electric Company

We have examined the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1987 and 1986, and the related statements of earnings and changes in financial position for each of the years in the three-year period ended December 31, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements appearing on pages 25, 27, 29 and 37-51 present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1987 and 1986, and the results of their operations and the changes in their financial position for each of the years in the three-year period ended December 31, 1987, in conformity with generally accepted accounting principles consistently applied during the period except for the changes, with which we concur, in the methods of accounting for income taxes and overhead recorded in inventory as described in note 1 to the financial statements.

Peat Marwick Main & Co.

Peat Marwick Main & Co.
Stamford, Connecticut

February 12, 1988

Notes to Financial Statements

1 Summary of significant accounting policies

Consolidation. The financial statements represent the adding together of General Electric Company and all companies, except financial services companies, which GE controls through a majority interest or otherwise (affiliated companies). The effect of transactions among related companies is eliminated.

The principal financial services affiliate is General Electric Financial Services, Inc. (GEFS), a wholly owned company that in turn owns all of the stock of General Electric Capital Corporation (GECC; formerly General Electric Credit Corporation) and Employers Reinsurance Corporation and 80% of the stock of Kidder, Peabody Group Inc. These financial services companies are so different from the other GE companies that, in the opinion of GE management, GE's financial statements are more understandable if financial services affiliates' statements are shown separately. However, because of a new accounting rule, GE will be required to consolidate all majority-owned affiliates at year-end 1988. See page 27 of this report for additional details. Separate condensed statements of GEFS are shown in note 15 and the nonconsolidated financial services affiliates are included on the equity basis as "one line" in other investments in the Statement of Financial Position and in the Statement of Earnings.

Companies in which GE owns between 20% and 50% (associated companies) are also included on a "one line" basis.

Sales. A sale is recorded when title passes to customers or when services are performed in accordance with contracts.

Income taxes. Statement of Financial Accounting Standards (SFAS) No. 96 — "Accounting for Income Taxes" was issued by the Financial Accounting Standards Board in December 1987. A requirement of SFAS 96 is that deferred tax liabilities or assets at the end of each period will be determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Accordingly, under the new rules, income tax expense provisions will increase or decrease in the same period in which a change in tax rates is enacted. Previous rules required providing deferred taxes using rates in effect when the tax asset or liability was first recorded, without subsequent adjustment solely for tax-rate changes.

In conformity with SFAS 96 transition rules, GE has elected to adopt the new income tax accounting in 1987. The cumulative effect to January 1, 1987 ($59 million for GE and consolidated affiliates and $518 million for GE Financial Services, Inc.) of the change is shown separately in the 1987 column of the Statement of Earnings on page 25. Also, as required, quarterly earnings reported for 1987 have been restated for the effect of this change on interim quarters in 1987 as if it had occurred at January 1. Restated quarterly amounts can be found in note 27.

Investment tax credit (ITC). The ITC was repealed, with some transitional exceptions, effective January 1, 1986. However, for financial reporting purposes, GE has deferred recognition of the ITC each year and continues to amortize ITC as a reduction of the provision for income taxes over the lives of the facilities to which the credit applies.

Pensions and other retirement benefits. Accounting policies for pensions and other retirement benefits are discussed in note 4.

Inventories. The values of most inventories are determined on a last-in first-out, or LIFO, basis and do not exceed realizable values. Effective January 1, 1987, GE changed its accounting procedures to include in inventory certain manufacturing overhead costs previously charged directly to expense. Among the more significant types of manufacturing overhead now included in inventory are: depreciation of plant and equipment; pension and other benefits of manufacturing employees; and certain product-related engineering expenses. The Company believes this change is preferable because it provides a better matching of production costs with related revenues in reporting operating results. In accordance with generally accepted accounting principles, the cumulative effect of this change for periods prior to January 1, 1987 ($281 million after providing for taxes of $215 million) is shown separately in the 1987 column in the Statement of Earnings on page 25. There was virtually no effect from this change on 1987 results after recording the cumulative effect, and the pro forma effect on prior years results was immaterial.

Depreciation, depletion and amortization. The cost of most manufacturing plant and equipment is depreciated using an accelerated method based primarily on a sum-of-the-years digits formula. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided.

2 RCA acquisition and related matters

On June 9, 1986, GE acquired RCA Corporation and its subsidiaries (RCA) in a transaction for which the total consideration to former RCA shareholders was $6,406 million in cash. RCA businesses included the manufacture and sale of a wide range of electronic products and related research and services for consumer, commercial, military and space applications; the National Broadcasting Company's (NBC) radio and television stations and network broadcasting services; and domestic and international message and data communications services.

The acquisition was accounted for as a purchase, and the operating results of RCA have been consolidated with those of GE since June 1, 1986. The purchase price ($6,426 million, including $20 million of related costs) has been allocated to the assets and liabilities of RCA based on appraisal and evaluation studies completed during 1987. The excess of purchase price over the estimate of fair values of net assets acquired (goodwill) was $3.7 billion, which is being amortized on a straight-line basis over 40 years.

Unaudited pro forma consolidated results of operations for the years 1986 and 1985, assuming RCA had been acquired at the beginning of each period, are shown below.

Pro forma consolidated operations (Dollar amounts in millions; per-share amounts in dollars)	1986	1985
Sales	$38,997	$37,258
Net earnings	2,471	2,143
Net earnings per share	2.71	2.36

These pro forma operating results were prepared in 1986 based on estimates and assumptions including purchase price allocation. Final purchase price allocation would not have changed the pro forma results significantly. Such pro forma results are not necessarily indicative of the consolidated results which would have been reported if the RCA acquisition had actually occurred at the beginning of each respective period presented or which may be reported in the future.

In accordance with agreements with agencies of the United States government, GE was required to sell its military vidicon business (which sale was completed in 1986). However, a U.S. Federal Communications Commission order requiring divestiture of five radio stations owned by NBC by December 1987 is temporarily stayed.

Subsequent to the acquisition of RCA, GE has sold or otherwise divested a number of RCA and NBC operations whose activities were not compatible with GE's long-range strategic plans and which were not material to GE's operating results or financial position. These included activities involving audio tapes and records, carpets and an insurance subsidiary sold in 1986. Dispositions in 1987 included a "new products" division, the David Sarnoff Research Center and NBC's radio networks.

On December 31, 1987, GE and a French electronics company, Thomson, S.A., completed a transaction in which GE acquired Thomson's medical equipment business (CGR) and Thomson acquired most of GE's consumer electronics business. CGR's sales of about $800 million annually come mainly from digital x-ray, mammography, computed tomography, ultrasound and related sales and service in Europe and Latin America. GE's consumer electronics business included mainly GE and RCA brand television sets, VCRs and audio products with sales of about $3 billion annually. GE will continue for some time to receive royalty income from patents related to consumer electronics products. Other closings, principally related to offshore consumer electronics operations, will occur in 1988. CGR's assets and liabilities are included in GE's December 31, 1987 Statement of Financial Position based on preliminary, estimated data which are subject to more complete review and evaluation in 1988. Consumer electronics' assets and liabilities have been removed from GE's 1987 year-end balances. The net asset value of the offshore operations to be sold to Thomson in 1988 was carried in "other investments" at 1987 year end.

Also in 1987, GE reached a definitive agreement to sell RCA Global Communications, Inc. (RCA Globcom) to MCI Communications Corporation for $160 million in cash. Closing of the transaction, which is dependent on approval by certain U.S. government agencies, is expected in the first half of 1988.

3 Supplemental cost details (excluding unusual items)

Supplemental cost details are shown in the table below.

Supplemental cost details (In millions)	**1987**	1986	1985
Employee compensation, including Social Security taxes and other benefits	**$12,139**	$11,775	$10,468
Depreciation, depletion and amortization	**1,544**	1,460	1,249
Company-funded research and development	**1,194**	1,300	1,069
Maintenance and repairs	**840**	803	692
Social Security taxes	**727**	725	626
Advertising	**495**	481	367
Taxes, except Social Security and those on income	**289**	288	247

4 Pensions and other retiree benefits

GE and its affiliates sponsor a number of pension and other retiree benefit plans. This note summarizes important financial aspects of GE's obligations for these plans. Measurements of obligations and costs are based on actuarial calculations involving various assumptions as to future events.

▶ ***The principal pension plans*** are the General Electric Pension Plan (GE Plan), the RCA Retirement Plan (RCA Plan) and the General Electric Supplementary Pension Plan (GE Supplementary Plan). Disclosures in this note include the RCA Plan from June 1, 1986. Other pension plans are sponsored by domestic and foreign affiliates, but these are not considered to be significant individually or in the aggregate to GE's financial position.

The GE Plan covers substantially all employees in the United States except RCA employees. Generally, benefits are based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. GE Plan benefits are funded through the General Electric Pension Trust (GE Trust). At the end of 1987, approximately 203,300 employees were covered by the GE Plan, approximately 72,400 former employees with vested rights were entitled to future benefits and approximately 126,800 retirees or beneficiaries were receiving benefits.

The RCA Plan covers substantially all RCA employees in the United States. Generally, benefits are based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. RCA Plan benefits are funded through the RCA Retirement Plan Master Trust (RCA Trust). At the end of 1987, approximately 31,800 employees were covered by the RCA Plan, approximately 37,800 former employees with vested rights were entitled to future benefits and approximately 15,100 retirees or beneficiaries were receiving benefits.

The GE Supplementary Plan is an unfunded plan providing supplementary retirement benefits primarily to higher-level, longer-service GE management and professional employees in the United States. At the end of 1987, approximately 3,400 employees were eligible for this plan and approximately 3,800 retirees or beneficiaries were receiving benefits.

GE adopted Statement of Financial Accounting Standards No. 87 (SFAS 87) for pension accounting effective January 1, 1986. SFAS 87 requires use of the projected unit credit cost method to determine the projected benefit obligation and plan cost. The projected benefit obligation is the actuarial present value of the portion of projected future benefits that is attributed to employee service to date. The benefit cost for service during the year is the portion of the projected benefit obligation that is attributed to employee service during the year. This cost method recognizes the effect of future compensation and service in projecting the future benefits, and it had been used for the GE Plan and RCA Plan before adoption of SFAS 87.

In addition, SFAS 87 establishes a "transition gain." This is the excess at January 1, 1986 of the current fair market value of plan assets over the plan's projected benefit obligation. This transition gain is being amortized over 15 years, except that such excess for the RCA Plan has been recognized as an asset in accounting for the RCA acquisition.

Gains and losses that occur because actual experience differs from that assumed are amortized over the average future-service period of employees. Prior-service cost for changes in pension benefits which are allocable to previous service of employees are amortized in the same manner.

Actuarial assumptions for the principal pension plans include 8.5% for both the assumed discount rate used to determine the present value of future benefits and the expected long-term rate of return on plan assets in 1987 and 1986 (the GE Plan used 8.0% in 1985 excluding the effect of a dedicated portfolio). The assumed rate of average future increases in pension benefit compensation was 6.5% in 1987 and 1986 (the GE Plan used 7% in 1985).

Employer costs for the principal pension plans were \$25 million in 1987, \$143 million in 1986, and \$479 million in 1985. GE Plan costs for 1987 were lower than for 1986 mainly because of continuing recognition of favorable investment performance. Costs for 1986 were lower than for 1985 because of the 1986 adoption of SFAS 87 and the changes in assumed discount and benefit compensation increase rates. The impact on 1986 cost of adopting SFAS 87 and the rate changes was equal to \$81 million (9 cents per share) and \$79 million (8.5 cents per share), respectively, after recognizing income tax effects and government cost reimbursement.

Details of 1987 cost for the principal pension plans are shown in the next table.

Cost for principal pension plans

(In millions)	**1987**	1986
Benefit cost for service during the year	**$ 385**	$ 349
Interest cost on projected benefit obligation	**1,187**	1,074
Recognized return on plan assets	**(1,293)**	(1,067)
Net amortization	**(254)**	(213)
Net pension cost	**$ 25**	$ 143
Details of return on plan assets:		
Actual return on plan assets	**$ 1,237**	$ 2,739
Recognized return on plan assets	**(1,293)**	(1,067)
Amount deferred to future periods	**$ (56)**	$ 1,672

Recognized return on plan assets is determined by applying the expected long-term rate of return to the market-related value of assets.

The funding policy for the GE Plan and RCA Plan is to contribute amounts sufficient to meet minimum funding requirements set forth in U.S. employee benefit and tax laws plus such additional amounts as GE may determine to be appropriate from time to time. Covered employees also make contributions toward funding of the plans.

A measure of the funding status for an ongoing plan compares the market-related value of assets with the projected benefit obligation. The market-related value of assets is based on amortized cost plus recognition over five years of market appreciation and depreciation in the portfolio. GE believes the market-related value of assets is more realistic than current fair market value because the market-related value reduces the impact of short-term market fluctuations. A summary for the GE Plan follows.

GE Plan — funding status

December 31 (In millions)	**1987**	1986	1985
Market-related value of assets	**$15,180**	$13,311	$10,924
Projected benefit obligation	**12,966**	11,965	11,598

For the RCA Plan, the projected benefit obligation was $2,218 million and the market-related value of assets was $2,483 million at the end of 1987 ($2,586 million and $2,330 million, respectively, at the end of 1986). The decrease in the projected benefit obligation was principally the result of business dispositions.

A schedule reconciling the projected benefit obligation for principal pension plans with GE's recorded pension liability is shown below.

Reconciliation of projected benefit obligation with pension liability for principal pension plans

December 31 (In millions)	**1987**	1986
Projected benefit obligation	**$ 15,494**	$14,846
Less current fair market value of Trust assets	**(20,088)**	(19,547)
Unrecognized SFAS 87 transition gain	**2,000**	2,154
RCA Plan valuation adjustment for future tax effects and government cost reimbursement	**249**	162
Other unrecognized net experience gains	**2,416**	2,538
Unrecognized prior-service cost	**(265)**	—
Recorded prepaid pension assets	**573**	218
Recorded pension liability	**$ 379**	$ 371

The portion of the projected benefit obligation representing the accumulated benefit obligation was $13,176 million and $12,258 million at the end of 1987 and 1986, respectively, and the vested benefit obligation was $12,835 million and $11,958 million at the end of 1987 and 1986, respectively. These amounts are based only on compensation and service to date. Other unrecognized net experience gains resulted principally from favorable investment performance. Unrecognized prior-service cost includes the effect of a January 1, 1988 benefit increase to GE pensioners who retired before July 1, 1985.

GE Trust and RCA Trust assets, which are not consolidated with General Electric Company assets, consist mainly of common stock and fixed income investments. GE common stock held by these Trusts totaled $137 million at the end of 1987. A summary of changes in net assets of the GE Trust follows.

GE Trust — change in net assets at current fair market value

(In millions)	**1987**	1986	1985
Net assets at January 1	**$16,671**	$14,362	$11,350
Employer contributions	**102**	94	434
Employee contributions	**102**	94	107
Investment income including market appreciation	**1,053**	2,700	2,968
Benefits paid	**(655)**	(579)	(497)
Net assets at December 31	**$17,273**	$16,671	$14,362

The current fair market value of RCA Trust net assets was $2,815 million at December 31, 1987 ($2,876 million at December 31, 1986).

▸ ***Principal retiree health care and life insurance:*** GE and its affiliates have a number of plans providing retiree health care and life insurance benefits. GE's aggregate cost for the principal GE and RCA plans was $278 million in 1987, $84 million in 1986 and $74 million in 1985. The cost for 1987 is significantly higher because the 1986 cost included the favorable nonrecurring impact of raising the assumed discount rate used to determine the present value of future life and health benefits, and the 1985 cost included the favorable nonrecurring impact of changing the mortality assumptions used to determine life insurance reserves.

Generally, GE and RCA employees who retire or terminate after qualifying for optional early retirement under the GE Plan or RCA Plan are eligible to participate in the corresponding retiree health care and life insurance plans. Health care benefits for eligible retirees under age 65 and eligible dependents are included in costs as covered expenses are actually incurred. For eligible retirees and spouses over age 65, health care benefits are funded or accrued and included in costs in the year the retiree becomes eligible for benefits. The present value of life insurance benefits for eligible retirees is funded and included in costs in the year of retirement.

Most retirees outside the United States are covered by government programs and GE's cost for such retiree health care and life insurance is not significant.

5 Other income

(In millions)	1987	1986	1985
Royalty and technical agreements	$283	$ 232	$ 78
Marketable securities and bank deposits	133	316	258
Associated companies	61	42	37
Customer financing	52	78	66
Other investments: Interest	15	62	23
Dividends	4	11	11
Other sundry items	100	272	68
	$648	$1,013	$541

Income from royalty and technical agreements increased substantially in 1986 because of the acquisition of RCA. GE will retain a majority interest in RCA's royalty income from patents related to consumer electronics products for several years. Other sundry items included gains of $8 million, $178 million and $38 million in 1987, 1986 and 1985, respectively, from sales of portions of the Company's long-held passive investment in equity securities of Toshiba Corporation.

6 Interest and other financial charges

Interest capitalized, principally on major property, plant and equipment projects, was $23 million in 1987, $38 million in 1986 and $32 million in 1985.

7 Unusual items

Unusual items include: gains from disposition of certain assets which management has determined are not complementary to the Company's future business focus (other than sales of certain assets acquired from RCA); and pretax costs or expense provisions for numerous different types of transactions or activities which are generally unique or occur only infrequently.

There were no unusual gains in 1987. In 1986, unusual gains ($50 million) arose from the sale of a small foreign affiliate and adjustments to previous unusual disposition provisions. In 1985, unusual gains were $518 million, of which $247 million was from disposition of residual GE interests in certain Australian coal properties, $132 million was from disposition of GE's residual interest in a cablevision company, and $139 million was from adjustments to previous unusual disposition provisions. During the year in which each of the dispositions occurred, there was no significant effect on GE's operating results from these disposed assets prior to disposition.

Principal unusual costs were expense provisions for corporate restructurings — $1,027 million in 1987, $311 million in 1986 and $447 million in 1985. These were for the expenses of refocusing a wide variety of business and marketing activities and reducing foreign and domestic risk exposures. These provisions include costs of rationalizing and improving a large number of production facilities, rearranging production activities among a number of existing plants, and reorganizing, phasing out or otherwise concluding other activities no longer considered essential to the conduct of the Company's business. In addition to restructuring activities, unusual expenses in 1985 included a special one-time cash payment to hourly union employees, in accordance with new union contracts, as well as to certain other hourly and nonexempt salaried employees.

8 Provision for income taxes (excluding extraordinary item and cumulative effect of changes in accounting principles)

▸ Significant components of the normal provision for income taxes by taxing jurisdiction are shown below.

Provision for income taxes (In millions)	1987	1986	1985
U.S. federal income taxes:			
Estimated amount payable	$ 956	$1,062	$ 842
Deferred tax expense (benefit)	(65)	(95)	90
Investment credit deferred (amortized) — net	(87)	(38)	35
	804	929	967
Foreign income taxes:			
Estimated amount payable	197	198	135
Deferred tax expense (benefit)	8	(24)	(4)
	205	174	131
Other (principally state and local income taxes)	79	97	45
	$1,088	$1,200	$1,143

▸ Deferred income taxes for 1987 reflect the impact of "temporary differences" between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. These "temporary differences" are determined in accordance with Statement of Financial Accounting Standards No. 96 (see note 1) and are more inclusive in nature than "timing differences" as determined under previously applicable generally accepted accounting principles. Deferred income taxes for 1986 and 1985 have not been restated. Principal items making up the deferred U.S. federal income tax provisions follow.

Deferred U.S. federal income taxes Increase (decrease) in provision for income taxes (In millions)	1987	1986	1985
Tax over book depreciation	$ 18	$ 87	$124
Margin on installment sales	(16)	(33)	48
Provision for warranties	9	(27)	23
Provision for pensions	10	(52)	(171)
Other — net	(86)	(70)	66
	$(65)	$(95)	$ 90

Other — net includes a number of temporary differences such as those related to various portions of transactions involving business dispositions and restructuring expense provisions.

▸ The U.S. investment tax credit (ITC) was repealed, with some transitional exceptions, effective January 1, 1986. ITC in 1986 and 1985 had aggregated $49 million and $111 million, respectively, and the amounts added to net earnings because of GE's deferral from prior years were $87 million in 1986 and $76 million in 1985. As a result of the accounting change in 1987, unamortized ITC is treated as a temporary difference for deferred tax accounting. Accordingly, $52 million was added to 1987 earnings before extraordinary item and cumulative effect of changes in accounting principles. The remaining unamortized ITC balance of $191 million (net of deferred tax) at year-end 1987 will be added to income in future years.

▸ The U.S. federal statutory tax rate on corporations was 40% in 1987, down from 46% in each of the two previous years. GE's normal effective tax rate (provision for income taxes as a percentage of earnings before income taxes, extraordinary item and cumulative effect of changes in accounting principles) was 33.9% in 1987 compared with 32.5% in 1986 and 33.3% in 1985. A summary of reasons for differences between the statutory rate and GE's effective rate follows.

Differences between U.S. federal statutory and GE effective tax rates	**1987**	1986	1985
U.S. federal statutory rate	**40.0%**	46.0%	46.0%
Reductions in taxes resulting from:			
Inclusion of GEFS earnings (before extraordinary item and cumulative effect of accounting change) in consolidated before-tax income on an after-tax basis	**(6.9)**	(6.3)	(5.5)
Varying tax rates of consolidated affiliates (principally foreign)	**(3.7)**	(2.2)	(3.6)
Investment tax credit	**(2.7)**	(2.3)	(2.2)
Income tax at capital gains rate	**(0.6)**	(1.4)	(0.2)
Varying rates on unusual items	**0.8**	(0.4)	(0.6)
Current-year effect of income tax accounting change	**4.1**	—	—
All other — net	**2.9**	(0.9)	(0.6)
GE effective tax rate	**33.9%**	32.5%	33.3%

▸ Provision has been made for U.S. federal income taxes to be paid on that portion of the undistributed earnings of affiliates and associated companies expected to be remitted to the parent company. Undistributed earnings intended to be reinvested indefinitely in affiliates and associated companies totaled $1,318 million, $1,063 million and $964 million at the end of 1987, 1986 and 1985, respectively. It is estimated that foreign tax credits would approximately offset the U.S. taxes payable if these earnings were to be distributed.

▸ Based on the location (not taxing jurisdiction) of the GE business providing goods or services, domestic income before taxes, extraordinary item and cumulative effect of changes in accounting principles was $2,690 million in 1987 ($3,081 million in 1986 and $3,232 million in 1985). The corresponding amounts for foreign-based operations were $517 million, $611 million and $188 million in each of the last three years, respectively.

▸ General Electric Financial Services, Inc. (GEFS) is a nonconsolidated affiliate for financial reporting but is included in GE's consolidated U.S. federal income tax return. Taxes payable by the consolidated companies shown in this note exclude the effect of significant tax credits and deductions of GEFS, which arise primarily from leasing activities. GE and GEFS together had net taxes payable for 1987, 1986 and 1985. Existing leases of GEFS will generate taxable income in future years, which is provided for in the deferred income taxes of GEFS (see note 15). At December 31, 1987, 1986 and 1985, tax credit carryforwards totaling $168 million, $275 million and $358 million, respectively, were recorded by GEFS as a partial offset to deferred taxes. For financial reporting purposes, GEFS investment tax credit carryforward amounts are amortized to earned income over lease periods (as are investment tax credits currently usable). For tax purposes, they will be offset against taxes payable in the future.

9 Cash and marketable securities

Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Carrying value of marketable securities was substantially the same as market value at year-end 1987 and 1986.

10 Current receivables

December 31 (In millions)	**1987**	1986
Receivable from:		
Customers	**$5,463**	$5,748
Associated companies	**155**	178
Nonconsolidated affiliates	**100**	13
Others	**1,274**	1,425
	6,992	7,364
Less allowance for losses	**(210)**	(156)
	$6,782	$7,208

11 Inventories

December 31 (In millions)	1987	1986
Raw materials and work in process	**$ 5,515**	$ 4,305
Finished goods	**2,546**	2,379
Unbilled shipments	**280**	229
	8,341	6,913
Less revaluation to LIFO	**(2,076)**	(1,752)
LIFO value of inventories	**$ 6,265**	$ 5,161

▶ See note 1 for information about the change in inventory accounting in 1987.

▶ LIFO revaluations increased $324 million in 1987, mostly related to the accounting change. LIFO revaluations decreased by $104 million and $171 million during 1986 and 1985, respectively. Included in these decreases were $51 million and $128 million (1986 and 1985, respectively) due to lower inventory levels, mainly in power systems. Also, in 1986 and 1985, there were net current-year price decreases. About 73% of total inventories is valued using the LIFO method of inventory accounting.

12 Property, plant and equipment

(In millions)	1987	1986
Major classes at December 31:		
Manufacturing plant and equipment		
Land and improvements	**$ 232**	$ 271
Buildings, structures and related equipment	**4,127**	4,087
Machinery and equipment	**12,616**	12,061
Leasehold costs and manufacturing plant under construction	**796**	1,140
Oil and gas properties	**801**	815
	$18,572	$18,374
Cost at January 1	**$18,374**	$15,706
Additions — acquired with RCA	**—**	1,638
— other	**1,778**	2,042
Dispositions	**(1,701)**	(1,011)
Other changes	**121**	(1)
Cost at December 31	**$18,572**	$18,374
Accumulated depreciation, depletion and amortization		
Balance at January 1	**$ 8,533**	$ 7,806
Current-year provision	**1,544**	1,460
Dispositions	**(1,065)**	(736)
Other changes	**305**	3
Balance at December 31	**$ 9,317**	$ 8,533
Property, plant and equipment less depreciation, depletion and amortization at December 31	**$ 9,255**	$ 9,841

13 Funds held for business development

Funds held for longer-term future business development are invested in a variety of securities, principally state, county and municipal bonds and corporate preferred stocks. Estimated realizable value of these investments was about the same as cost at December 31, 1987 and 1986.

14 Other investments

December 31 (In millions)	1987	1986
Nonconsolidated financial services affiliates (a)	**$4,154**	$3,054
Associated companies (a)	**826**	414
Miscellaneous investments (at cost) (b):		
Government and government-guaranteed securities	**169**	177
Other	**457**	258
	626	435
Marketable equity securities (c)	**90**	74
Less allowance for losses	**(75)**	(63)
	$5,621	$3,914

(a) Includes advances at December 31, 1987 of $130 million (nonconsolidated financial services affiliates) and $45 million (associated companies).
(b) Estimated realizable value about the same as cost at year end.
(c) Carried at cost. Aggregate market value was $86 million and $65 million at year-end 1987 and 1986, respectively. Gross unrealized gains were $14 million and gross unrealized losses were $18 million at December 31, 1987.

Investment in nonconsolidated financial services affiliates predominately represents GE's investment in General Electric Financial Services, Inc. (GEFS). See note 15 for financial information about this affiliate.

15 General Electric Financial Services, Inc.

General Electric Financial Services, Inc. (GEFS) includes wholly owned GE Capital Corporation (GECC) and Employers Reinsurance Corporation (ERC) and an 80% interest in Kidder, Peabody Group Inc. (Kidder). During the normal course of business, GEFS and its affiliates have minor transactions with GE and certain of its consolidated affiliates. Virtually all products financed by GECC are manufactured by companies other than GE. GEFS is included in GE's consolidated U.S. federal income tax return. Condensed consolidated financial statements for GEFS follow, which include operations of Kidder from date of acquisition (June 1986).

See note 1 for information about the 1987 change in accounting for income taxes.

More information about GEFS is in its annual report, which may be obtained from General Electric Financial Services, Inc., P.O. Box 8300, Stamford, Conn. 06904.

General Electric Financial Services, Inc. and consolidated affiliates

Current and retained earnings

For the year (In millions)	**1987**	1986	1985
Earned income:			
Earned income from operations	**$8,225**	$5,976	$3,805
Effect on investment in leveraged leases of change in tax-rate assumptions	**—**	(172)	—
Sale of stock by nonconsolidated affiliate	**—**	10	—
Total earned income	**8,225**	5,814	3,805
Expenses:			
Interest and discount expense	**3,277**	2,063	1,339
Operating and administrative expense	**2,024**	1,412	771
Losses and policyholder benefits of insurance affiliates	**1,560**	1,439	876
Provision for losses on financing receivables	**290**	558	185
Depreciation and amortization	**411**	403	210
Provision for unusual expenses and restructuring activities	**91**	—	—
Total expenses	**7,653**	5,875	3,381
Earnings (loss) before income taxes, extraordinary item and cumulative effect of change in accounting principle	**572**	(61)	424
Provision for income taxes:			
Income tax provision (credit) from operations	**20**	(173)	11
Effect on income taxes of change in tax-rate assumptions for leveraged leases	**—**	(392)	—
Total provision (credit) for income taxes	**20**	(565)	11
Earnings before extraordinary item and cumulative effect of change in accounting principle	**552**	504	413
Extraordinary item — GECC loss on early extinguishment of certain long-term debt (net of tax credit — $39 million)	**(62)**	—	—
Cumulative effect to January 1, 1987 of initial application of Statement of Financial Accounting Standards No. 96 — "Accounting for Income Taxes"	**518**	—	—
Net earnings	**1,008**	504	413
Retained earnings at beginning of period	**1,643**	1,139	726
Retained earnings at end of period	**$2,651**	$1,643	$1,139

Financial position

December 31 (In millions)	**1987**	1986
Financing receivables:		
Time sales and loans, net of deferred income	**$18,560**	$14,930
Investment in financing leases	**10,114**	8,347
Total financing receivables	**28,674**	23,277
Allowance for losses	**(743)**	(603)
Financing receivables — net	**27,931**	22,674
Cash and short-term investments	**709**	405
Marketable securities at cost	**4,495**	3,680
Marketable securities at market	**4,000**	5,646
Securities purchased under agreements to resell	**12,889**	12,961
Other receivables — net	**4,641**	4,325
Equipment on operating leases — net	**3,399**	1,726
Other assets	**3,342**	2,406
Total assets	**$61,406**	$53,823
Notes payable:		
Due within one year	**$22,848**	$17,741
Long-term	**8,037**	5,656
Securities sold under agreements to repurchase	**13,187**	13,070
Securities sold but not yet purchased at market	**1,407**	3,525
Reserves of insurance affiliates	**3,549**	2,880
Other liabilities	**4,639**	4,076
Total liabilities	**53,667**	46,948
Deferred income taxes	**3,720**	3,838
Deferred investment tax credits	**39**	43
Capital stock	**1**	1
Additional paid-in capital	**1,347**	1,347
Retained earnings	**2,651**	1,643
Other	**(19)**	3
Equity	**3,980**	2,994
Total liabilities, deferred tax items and equity	**$61,406**	$53,823

16 *Intangible assets*

December 31 (In millions)	1987	1986
Goodwill	**$3,820**	$2,793
Other intangibles	**610**	788
	$4,430	$3,581

Accumulated amortization of goodwill was $301 million and $147 million at December 31, 1987 and 1986, respectively. Accumulated amortization of other intangibles was $365 million and $308 million at December 31, 1987 and 1986, respectively. Goodwill and other intangibles were mainly from the RCA acquisition, for which goodwill is being amortized on a straight-line basis over 40 years. The increase in goodwill since December 31, 1986 represented primarily the increase in RCA goodwill (net of amortization) resulting from completion of appraisal and evaluation studies in 1987. Other intangibles and goodwill are being amortized over shorter periods as appropriate, ranging from five years to 20 years.

17 *Other assets*

December 31 (In millions)	1987	1986
Recoverable engineering costs on government contracts	**$ 791**	$ 405
Deferred income taxes	**620**	180
Prepaid pension assets	**573**	218
Long-term receivables	**569**	555
Television program costs	**480**	461
Deferred charges	**416**	318
Real estate development projects	**130**	169
Customer financing	**71**	79
Other	**144**	185
	$3,794	$2,570

The National Broadcasting Company capitalizes program costs (including rights to broadcast) when paid or when a program is ready for broadcast, if earlier. These costs are amortized based upon projected revenues or expensed when a program is determined to have no value.

Deferred income taxes at December 31, 1987 included net current deferred tax assets of about $366 million.

18 *Short-term borrowings*

December 31 (In millions)	1987		1986	
	Amount	**Average rate at Dec. 31**	Amount	Average rate at Dec. 31
General Electric Company:				
Notes with trust departments	**$ 320**	**6.6%**	$ 359	6.4%
Commercial paper	**—**	**—**	897	6.2
Consolidated affiliate bank borrowings	**364**	**35.2**	334	29.6
Other, including current portion of long-term borrowings	**426**		223	
	$1,110		$1,813	

Other borrowings at December 31, 1987 included amounts borrowed from nonconsolidated affiliates of $94 million ($146 million at December 31, 1986).

► The average balance of short-term borrowings, excluding the current portion of long-term borrowings, was $1,492 million in 1987 (calculated by averaging month-end balances for the year) compared with an average balance of $3,200 million in 1986. The maximum balances in these calculations were $2,048 million at the end of June 1987 and $4,742 million at the end of September 1986. The average worldwide effective interest rate for the year 1987 was 13% and for 1986 was 8%. These average rates represent total short-term interest incurred divided by the average balance outstanding.

► Although the total unused credit available to GE through banks and commercial credit markets is not readily quantifiable, confirmed credit lines of about $1.4 billion had been extended by 49 banks at year-end 1987. Substantially all of these lines also are available for use by GECC and GEFS in addition to their own credit lines.

19 *Accounts payable*

December 31 (In millions)	1987	1986
Trade accounts	**$2,105**	$1,972
Collected for the account of others	**279**	342
Due to nonconsolidated affiliates	**231**	280
	$2,615	$2,594

20 *Other costs and expenses accrued; Other liabilities*

Included in these accounts are compensation and benefit accruals classified as current at year-end 1987 and 1986 of $777 million and $1,067 million, respectively; and classified as noncurrent at the same year ends of $1,449 million and $895 million, respectively.

21 Long-term borrowings

Outstanding December 31 (In millions)	1987	1986
7⅛% Notes Due 1989	**$ 500**	$ 500
6⅞% Notes Due 1989	**500**	500
12¼% Australian Dollar Notes Due 1989 (a)	**108**	108
16¼% Notes Due 1987-1989 (b)	**35**	85
11½% Notes Due 1990 (b)	**—**	75
5¾% Notes Due 1972-1991	**19**	25
6⅞% Notes Due 1991	**500**	500
7⅛% Euro-dollar Notes Due 1991	**300**	300
5.30% Sinking Fund Debentures Due 1973-1992	**34**	34
12¾% Notes Due 1992 (b)	**100**	100
7% Notes Due 1992	**250**	—
5¾% Euro-yen Notes Due 1993 (c)	**194**	194
4⅛% Euro-dollar Discount Notes Due 1993 (h)	**200**	200
2¾% Discount Notes Due 1994 (d) (h)	**150**	—
7% Euro-dollar Extendible Notes Due 1998 (e) (i)	**200**	200
8½% Debentures Due 1985-2004	**217**	217
8% Euro-dollar Extendible Notes Due 2006 (f) (i)	**300**	300
7⅜% Euro-dollar Extendible Notes Due 2006 (g) (i)	**300**	300
8⅝% Sinking Fund Debentures Due 2016	**300**	300
Industrial development bonds	**225**	248
All other	**59**	165
	$4,491	$4,351

(a) The Company has entered into certain contracts which result in a fixed U.S. dollar interest cost of 7.67%.
(b) Debt originally incurred by RCA but for which GE is now the obligor.
(c) Notes are yen 35 billion at a fixed exchange rate of yen 180.41 = $U.S. 1.00.
(d) Accompanied by sale of 3,570,000 warrants expiring December 1, 1989 to purchase shares of GE common stock at $44.31 per share. GE has arranged for options on its stock in order to preclude any dilution from exercise of the warrants.
(e) Interest rate subject to annual adjustment at the Company's option beginning in 1989.
(f) Interest rate subject to annual adjustment at the Company's option beginning in 1993.
(g) Interest rate subject to annual adjustment at the Company's option beginning in 1991.
(h) Including amortization of original issue discount, the effective interest rates are: 4⅛% notes — 7.41%, 2¾% notes — 7.66%.
(i) At annual rate adjustment dates, notes are redeemable in whole or in part at the option of the Company or repayable at the option of the holders.

▶ All other long-term borrowings include original issue premium and discounts, an adjustment to bring RCA borrowings at acquisition date to fair market value and a variety of borrowings by affiliates and parent components with various interest rates and maturities. Amounts due to nonconsolidated affiliates were $10 million and $6 million at the end of 1987 and 1986, respectively.

▶ Long-term borrowing maturities during the next five years, including the portion classified as current, are $84 million in 1988, $1,197 million in 1989, $24 million in 1990, $822 million in 1991 and $390 million in 1992. These amounts are after deducting debentures which have been reacquired for sinking-fund needs.

22 Share owners' equity

Preferred stock up to 50,000,000 shares ($1.00 par value) is authorized, but no such shares have been issued. Authorized shares of common stock (par value $0.63) total 1,100,000,000.

Shares of common stock December 31 (In thousands)	1987	1986	1985
Issued January 1	**926,564**	926,564	925,856
Shares for pooling of interests	**—**	—	708
Issued December 31	**926,564**	926,564	926,564
In treasury	**(23,611)**	(14,774)	(14,612)
Outstanding	**902,953**	911,790	911,952

Share owners' equity (In millions)	1987	1986	1985
Common stock issued			
Balance January 1	**$ 579**	$ 579	$ 579
Adjustment for stock split	**5**	—	—
Balance December 31	**$ 584**	$ 579	$ 579
Other capital			
Balance January 1	**$ 733**	$ 641	$ 640
Adjustment for stock split	**(5)**	—	—
Foreign currency translation adjustments	**135**	75	(18)
Unrealized gains (losses) on securities held by insurance affiliates	**(23)**	(6)	15
Gain on treasury stock dispositions	**30**	23	4
Other	**8**	—	—
Balance December 31	**$ 878**	$ 733	$ 641
Retained earnings			
Balance January 1	**$14,172**	$12,761	$11,493
Adjustments	**—**	—	11
Net earnings	**2,915**	2,492	2,277
Dividends declared	**(1,209)**	(1,081)	(1,020)
Balance December 31	**$15,878**	$14,172	$12,761
Common stock held in treasury			
Balance January 1	**$ 375**	$ 310	$ 313
Purchases	**846**	348	283
Dispositions:			
Employee savings plans	**(148)**	(109)	(113)
Stock options and appreciation rights	**(96)**	(71)	(64)
Employee stock ownership plan	**(39)**	(41)	(43)
Dividend reinvestment and share purchase plan	**(42)**	(33)	(29)
Contribution to GE Pension Trust	**(25)**	(26)	(22)
Conversion of GEOCC long-term debt	**(24)**	(7)	(25)
Incentive compensation plans	**13**	4	10
Balance December 31	**$ 860**	$ 375	$ 310

In April 1987, share owners authorized (a) an increase in the number of authorized shares of common stock from

550,000,000 shares each with a par value of $1.25 to 1,100,000,000 shares each with a par value of $.63; (b) the split of each previously issued common share, including shares held in treasury, into two shares of common stock each with a par value of $.63; and (c) an increase in the number of authorized shares of preferred stock from 2,000,000 shares with a par value of $1.00 per share to 50,000,000 shares with a par value of $1.00 per share. All share data have been adjusted to reflect this change.

In December 1985, GE issued 708,000 new shares of stock having a value of $24 million for an acquisition accounted for as a pooling of interests. The beginning 1985 balance of retained earnings was increased by $11 million for this transaction.

Business activities of most foreign affiliates are mainly based on the U.S. dollar, and the effect, which is not material, of translating their financial statements is included in current-year earnings. However, the functional currency for a few affiliates is other than the U.S. dollar, and the effects of translating their financial statements are included in other capital. Cumulative foreign currency translation adjustments were $166 million and $31 million of additions to other capital at December 31, 1987 and 1986, respectively. At the end of 1985, there was a $44 million cumulative reduction.

23 Other stock-related information

Stock option plans, appreciation rights and performance units are described in the Company's current Proxy Statement. Requirements for stock option shares may be met within certain restrictions either from unissued or treasury shares. During 1987, options were granted to 1,090 employees. As of December 31, 1987, a total of 467 individuals were eligible to receive class-grant options and all exempt salaried employees were eligible for special option grants. In total, 1,738 persons held options exercisable at the end of 1987 or in the future.

Stock option information

(Shares in thousands)	Shares subject to option	Average per share: Option price	Average per share: Market price
Balance at January 1, 1987	21,519	$29.62	$43.00
Options granted	2,908	47.83	47.83
Options exercised	(2,254)	21.11	51.77
Options surrendered on exercise of appreciation rights	(3,276)	26.32	55.86
Options terminated	(284)	37.71	—
Balance at December 31, 1987	18,613	33.95	44.13

Outstanding options and rights expire, and the award period for outstanding performance units ends, on various dates from January 1, 1988 to December 18, 1997. The number of shares available for granting additional options at the end of 1987 was 15,148,114 (18,549,992 at the end of 1986).

Requirements for shares of stock for incentive compensation plans as described in the Company's Proxy Statement may be met within certain restrictions either from unissued shares or from shares in treasury.

As of December 31, 1987, a total of 3,943 individuals were eligible to receive allotments under incentive compensation plan rules. Allotments were made for services rendered during 1987 to 3,438 employees.

24 Commitments and contingent liabilities

At December 31, 1987, the Company had minimum rental commitments under noncancelable operating leases aggregating $2,296 million. Amounts payable over the next five years are: 1988 — $448 million; 1989 — $412 million; 1990 — $351 million; 1991 — $301 million; and 1992 — $238 million.

Also at year-end 1987, NBC had approximately $1.24 billion of commitments to acquire broadcast material or the rights to broadcast television programs that require payments over the next five years.

Other commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the Company's financial position.

25 Industry segment details

Revenues include income from all sources, i.e., both sales of products and services to customers and other income. Details of revenues for industry segment reporting are shown below. In general, it is GE policy to price sales from one Company component to another as nearly as practical to equivalent commercial selling prices. About one-fourth of GE's external sales are to agencies of the U.S. government, GE's largest single customer. Most of these sales were aerospace and aircraft engine products and services.

Revenues
For the years ended December 31

(In millions)	Total revenues			Intersegment revenues			External revenues		
	1987	1986	1985	**1987**	1986	1985	**1987**	1986	1985
Aerospace	**$ 5,262**	$ 4,318	$ 3,085	**$ 78**	$ 73	$ 33	**$ 5,184**	$ 4,245	$ 3,052
Aircraft engines	**6,773**	5,977	4,712	**48**	57	87	**6,725**	5,920	4,625
Consumer products	**5,042**	4,654	3,220	**101**	180	131	**4,941**	4,474	3,089
Financial services	**632**	585	499	**—**	—	—	**632**	585	499
Industrial	**4,707**	4,711	4,762	**607**	596	561	**4,100**	4,115	4,201
Major appliances	**4,721**	4,352	3,617	**—**	—	—	**4,721**	4,352	3,617
Materials	**2,751**	2,331	2,119	**32**	35	37	**2,719**	2,296	2,082
National Broadcasting Company	**3,165**	1,817	—	**—**	2	—	**3,165**	1,815	—
Power systems	**4,995**	5,262	5,824	**125**	185	243	**4,870**	5,077	5,581
Technical products and services	**3,670**	3,021	2,317	**337**	160	113	**3,333**	2,861	2,204
All other	**85**	774	—	**4**	2	—	**81**	772	—
Corporate items and eliminations	**(1,288)**	(1,074)	(915)	**(1,332)**	(1,290)	(1,205)	**44**	216	290
Total	**$40,515**	$36,728	$29,240	**$ —**	$ —	$ —	**$40,515**	$36,728	$29,240

Assets At December 31 — ***Property, plant and equipment*** For the years ended December 31

(In millions)	Assets			Additions			Depreciation, depletion and amortization		
	1987	1986	1985	**1987**	1986(a)	1985	**1987**	1986	1985
Aerospace	**$ 4,131**	$ 2,175	$ 1,367	**$ 178**	$ 311	$ 157	**$ 151**	$ 111	$ 81
Aircraft engines	**5,217**	4,665	4,034	**242**	332	333	**242**	194	161
Consumer products	**2,308**	3,530	2,199	**166**	429	171	**175**	155	107
Financial services	**4,393**	3,455	2,734	**—**	—	—	**—**	—	—
Industrial	**3,053**	3,141	2,896	**179**	258	213	**196**	196	179
Major appliances	**1,684**	1,678	1,509	**118**	104	146	**93**	97	78
Materials	**3,891**	3,602	3,276	**380**	608	551	**211**	262	244
National Broadcasting Company	**3,839**	3,385	—	**113**	385	—	**61**	28	—
Power systems	**3,456**	3,589	3,668	**118**	127	183	**162**	173	290
Technical products and services	**3,999**	3,021	1,706	**235**	856	107	**170**	183	60
All other	**95**	231	—	**1**	95	—	**3**	8	—
Corporate items and eliminations	**2,854**	2,119	2,773	**48**	175	92	**80**	53	49
Total	**$38,920**	$34,591	$26,162	**$1,778**	$3,680	$1,953	**$1,544**	$1,460	$1,249

(a) Includes $1,638 million acquired with RCA.

Details of operating profit by industry segment and unusual items included in operating profit can be found on pages 33 and 34, respectively, of this report. A summary description of each of the industry segments follows.

► ***Aerospace*** products and services span electronics and microelectronics, avionic systems, ordnance systems, vehicle equipment, automated test systems, computer software, simulation and control systems, spacecraft, communication systems, radar, sonar and systems integration. RCA aerospace and defense businesses complement and add to GE's spectrum of aerospace activities. Most aerospace sales are to agencies of the United States government, principally the Department of Defense and the National Aeronautics and Space Administration.

► ***Aircraft engines*** and replacement parts are manufactured and sold by GE for use in military and commercial aircraft, for use in naval ships and for use as industrial power sources. GE's military engines are used in a wide variety of aircraft that includes fighters, bombers, transports and helicopters. CF6 engines are used in the McDonnell Douglas DC-10, the Airbus Industrie A300 and the Boeing 747. More advanced CF6 engine models have been selected to power the Boeing 747 and 767, the Airbus Industrie A310, A300-600 and A330 and the McDonnell Douglas MD-11. Of growing importance is

the CFM56 engine family produced by the joint company of GE and SNECMA of France. Applications include the Boeing 737-300, 737-400 and 737-500, the re-engined McDonnell Douglas DC-8 Super 70s and the re-engined Boeing KC-135 military tanker. Advanced CFM56 engine models are used for the Airbus Industrie A320 and will be offered on the long-range Airbus Industrie A340. GE also produces jet engines for executive aircraft and regional commuter airlines.

▶ ***Consumer products*** through the end of 1987 consisted mainly of video, audio and lighting products. At the end of 1987, video and audio product lines were sold as part of a transaction with Thomson, S.A. (see note 2). GE will continue for some time to receive royalty income from patents related to these consumer electronics products. Lighting products include a wide variety of lamps — incandescent, fluorescent, high-intensity, halogen and specialty — as well as wiring devices and quartz products. Markets and customers are principally in the United States, although certain foreign markets are also served. These markets are extremely varied, ranging from household consumers to commercial and industrial end users and original equipment manufacturers. Through 1987, this segment also includes certain former GE interests in cablevision and broadcasting as well as GE's former small household appliance operations. Commencing in 1988, a GE-owned TV station in Denver and a recently acquired TV station in Miami, Fla., will be reported together with GE's principal broadcasting interests owned by National Broadcasting Company.

▶ ***Financial services'*** principal business is the wholly owned, nonconsolidated affiliate, General Electric Financial Services, Inc. (GEFS). GEFS owns all of the stock of General Electric Capital Corporation (GECC) and Employers Reinsurance Corporation (ERC) and 80% of the stock of Kidder, Peabody Group Inc. (Kidder). GECC primarily engages directly or through affiliates in distribution sales financing, commercial and industrial financing, real estate financing and leveraged buyouts. Although leasing has been a major factor in GECC's growth in recent years, GECC has been actively changing its investment portfolio to place greater emphasis on asset management and operation. ERC is a major participant in the property/casualty reinsurance business in the United States and is expanding into offshore activities. Kidder is an investment banking firm whose capabilities complement GECC's. Other smaller financial services activities include: Genelcan Limited, a nonconsolidated affiliate which provides a variety of financial services in Canada; General Electric Real Estate Credit Corporation, a consolidated affiliate which is an equity investor in selected real estate development projects; and a few residual investments of a consolidated venture capital corporation, most of whose portfolio was sold in 1987.

▶ ***Industrial*** encompasses factory automation products, semiconductors, motors, electrical equipment for industrial and commercial construction, GE Supply Company and transportation systems. Customers for these products generally include electrical distributors, original equipment manufacturers and industrial end users. Factory automation products cover a broad range of electrical and electronic products, including drive systems, with emphasis on manufacturing and advanced engineering automation applications. Semiconductor operations provide the latest solid-state technologies to other GE operations as well as to external customers. Motors and motor-related products consist mainly of appliance motors and controls but also include larger sizes of motors for a broad range of industrial users. Motor products are used within GE and are also sold externally. Electrical distribution and control equipment is sold for installation in commercial, industrial and residential facilities. GE Supply operates a nationwide network of electrical supply houses. Transportation systems includes diesel-electric and electric locomotives, transit propulsion equipment, motorized wheels for off-highway vehicles, such as those used in mining operations, and drilling drives. Locomotives are sold principally to domestic and foreign railroads, while markets for other products include state and urban transit authorities and industrial users.

▶ ***Major appliances*** includes both GE and Hotpoint brands of kitchen and laundry equipment, such as refrigerators, ranges, microwave ovens, freezers, dishwashers, clothes washers and dryers, and room air conditioners. A major portion of major appliance sales is to a variety of retail outlets. The other principal market consists of residential building contractors who install major appliances in new dwellings. A nationwide service network supports GE's appliance business.

In order to improve comparability, segment results have been adjusted to include RCA appliance service operations from June 1 to December 31, 1986. Responsibility for these operations was assumed by GE Appliances and the operations' results are included in this segment for 1987. In 1986, these operations were reported as part of the technical products and services segment.

▶ ***Materials*** includes high-performance engineering plastics, silicones, superabrasives and laminates that are sold to a diverse customer base (mainly manufacturers) in the United States and abroad. Materials also includes Ladd Petroleum Corporation, an oil and natural gas developer and supplier with operations mainly in the United States.

▶ ***National Broadcasting Company*** (NBC) is the current leader in network television. NBC's principal businesses are the furnishing within the United States of network television services to affiliated television stations, the production of live and recorded television programs and the operation, under licenses from the Federal Communications Commission (FCC), of seven VHF television

broadcasting stations and three standard AM and five FM radio broadcasting stations. The NBC Television Network is one of three competing major national commercial broadcast television networks and serves more than 200 regularly affiliated stations within the United States. The television stations NBC operates are located in Chicago, Cleveland, Denver, Los Angeles, Miami, New York and Washington, D.C. The eight radio broadcasting stations NBC owns and operates are located in Chicago, Boston, New York, San Francisco and Washington, D.C. Broadcasting operations are subject to FCC regulation and station licensing. The FCC order requiring divestiture of the AM station in New York, the AM station in Chicago and FM stations in New York, Chicago and Washington is temporarily stayed. These divestitures are not expected to have a material effect on GE's business, operations or financial condition.

In 1988, this segment will be modified to reflect transfer of management responsibility to NBC of two TV stations which are owned by another GE subsidiary and which have previously been included with the consumer products segment.

▸ ***Power systems*** serves worldwide utility, industrial and governmental customers with products for the generation, transmission and distribution of electricity; and related installation, engineering and repair services. Although GE remains a leader in most power systems products, domestic and foreign markets have been declining in recent years and worldwide competition has become intense. New order rates are quite low by long-term historical standards and backlogs for virtually all products are declining. GE management continues vigorous efforts to improve cost-competitiveness and to adapt products and marketing to the changing environment. Steam turbine-generators are sold to the electric utility industry, to the U.S. Navy and, for cogeneration, to private industrial customers. Marine steam turbines and propulsion gears are also sold to the U.S. Navy. Gas turbines are used principally as packaged power plants for electric utilities and for industrial cogeneration and mechanical drive applications. Centrifugal compressors are sold for application in gas reinjection, pipeline service and such process applications as refineries and ammonia plants. There have been no nuclear plant orders in the United States since the mid-1970s and activity in international markets is very low. Consequently, GE is restructuring its nuclear business to focus resources on refueling and serving its installed boiling-water reactors. Power delivery products include transformers, relays, electric load management systems, power conversion systems and meters, principally for electric utilities. Installation, engineering and repair services include management and technical expertise for large projects, such as power plants; maintenance, inspection, repair and rebuilding of electrical apparatus produced by GE and others; on-site engineering and upgrading of already installed products sold by GE and others; and environmental systems for utilities.

▸ ***Technical products and services*** consists of technology operations providing products, systems and services to a variety of customers. Businesses in this segment include medical systems and services, communications and information services, and the Calma Company. Medical systems include magnetic resonance (MR) scanners, computed tomography (CT) scanners, x-ray, nuclear imaging, ultrasound, and other diagnostic equipment and supporting services sold to domestic and foreign hospitals and medical facilities. The principal communications business is the furnishing of domestic satellite communications services by GE Americom, which operates seven domestic satellites providing distribution services for cable television, broadcast television and radio, and voice, video and wideband data services to agencies of the federal government. An affiliate (RCA Globcom), which furnishes certain international communications services, is expected to be sold in the first half of 1988. Common carrier services of Americom and Globcom are subject to regulation by the FCC. GE's mobile communications products consist mainly of mobile and hand-held two-way radios, cellular telephones and land-mobile cellular systems for a variety of business and government customers. A separate services component provides a variety of specialized services to government customers. Information services are provided both to internal and external customers by GE Information Services, GE Consulting Services and the GE Computer Service operation. These include enhanced computer-based communications services, such as data network services, electronic mail and electronic data interchange, which are offered to commercial and industrial customers through a worldwide network; application software packages; custom systems design and programming services; and independent maintenance and rental/leasing services for minicomputers and microcomputers, electronic test instruments and data communications equipment. The Calma Company designs, manufactures and sells interactive graphics systems for computer-aided design and manufacturing.

In order to improve comparability, segment results have been adjusted to exclude RCA appliance service operations from June 1 to December 31, 1986. Responsibility for these operations was assumed by GE Appliances and the operations' results are included in the major appliances segment for 1987.

▸ ***All other*** for 1987 and 1986 consists mainly of results for smaller RCA operations, most of which had been disposed of since the acquisition of RCA. These operations included activities involving audio tapes and records, carpets, an insurance subsidiary and a "new products" division.

In prior years, the all other segment through the third quarter of 1985 included the remainder of mining activities of Utah International Inc., the last of which were disposed of in 1985 (see note 7).

26 Geographic segment information

(In millions)	Revenues For the years ended December 31								
	Total revenues			Intersegment revenues			External revenues		
	1987	1986	1985	**1987**	1986	1985	**1987**	1986	1985
United States	**$37,517**	$33,543	$26,811	**$ 801**	$ 639	$ 671	**$36,716**	$32,904	$26,140
Other areas of the world	**4,894**	4,387	3,638	**1,095**	563	538	**3,799**	3,824	3,100
Intercompany eliminations	**(1,896)**	(1,202)	(1,209)	**(1,896)**	(1,202)	(1,209)	**—**	—	—
Total	**$40,515**	$36,728	$29,240	**$ —**	$ —	$ —	**$40,515**	$36,728	$29,240

	Operating profit For the years ended December 31			Assets At December 31		
	1987	1986	1985	**1987**	1986	1985
United States	**$3,705**	$3,563	$3,622	**$32,986**	$30,604	$22,495
Other areas of the world	**725**	740	435	**6,027**	4,090	3,777
Intercompany eliminations	**10**	7	11	**(93)**	(103)	(110)
Total	**$4,440**	$4,310	$4,068	**$38,920**	$34,591	$26,162

U.S. revenues include exports to external customers, and royalty and licensing income from foreign sources.

Revenues, operating profit and assets associated with foreign operations are shown above. At year-end 1987, foreign operation liabilities, minority interest in equity and GE interest in equity were $3,196 million, $111 million and $2,720 million, respectively. The amounts were $1,871 million, $112 million and $2,107 million, respectively, at December 31, 1986; and $2,158 million, $116 million and $1,503 million, respectively, at December 31, 1985.

27 Quarterly information (unaudited)

(Dollar amounts in millions; per-share amounts in dollars)	First Quarter **1987**	1986	Second Quarter **1987**	1986	Third Quarter **1987**	1986	Fourth Quarter **1987**	1986
Operations								
Sales of goods and services	**$8,315**	$5,880	**$9,560**	$7,785	**$9,404**	$9,278	**$12,036**	$12,268
Gross profit from sales	**2,048**	1,605	**2,359**	2,086	**2,022**	2,285	**3,229**	3,048
Unusual items	**(308)**	(22)	**(58)**	(44)	**(54)**	(37)	**(607)**	(158)
As originally reported								
Earnings before extraordinary item and cumulative effect of changes in accounting principles	**343**	537	**720**	621	**703**	604	**—**	730
Per share	**0.37**	0.59	**0.79**	0.68	**0.77**	0.66	**—**	0.80
Net earnings	**624**	537	**720**	621	**703**	604	**—**	730
Per share	**0.68**	0.59	**0.79**	0.68	**0.77**	0.66	**—**	0.80
Restatement (1987) for SFAS 96								
Cumulative effect to January 1	**577**	—	**—**	—	**—**	—	**—**	—
Per share	**0.63**	—	**—**	—	**—**	—	**—**	—
Current-quarter effect	**(24)**	—	**(41)**	—	**(42)**	—	**(31)**	—
Per share	**(0.02)**	—	**(0.05)**	—	**(0.04)**	—	**(0.04)**	—
As restated								
Earnings before extraordinary item and cumulative effect of changes in accounting principles	**319**	—	**679**	—	**661**	—	**460**	—
Per share	**0.35**	—	**0.74**	—	**0.73**	—	**0.51**	—
Net earnings	**1,177**	537	**679**	621	**661**	604	**398**	730
Per share	**1.29**	0.59	**0.74**	0.68	**0.73**	0.66	**0.44**	0.80
Dividends declared	**0.315**	0.29	**0.33**	0.29	**0.33**	0.29	**0.35**	0.315
Common stock — market price range	**55¾-43⅛**	39⅝-33¼	**56⅜-49⅛**	41¼-35¾	**66⅜-53⅝**	41¼-35½	**62¾-38¾**	44⅜-35¼

Net earnings and related per-share amounts for the first three quarters of 1987 have been restated as required by SFAS 96 — "Accounting for Income Taxes." Per-share amounts have been adjusted for the 2-for-1 stock split in April 1987.

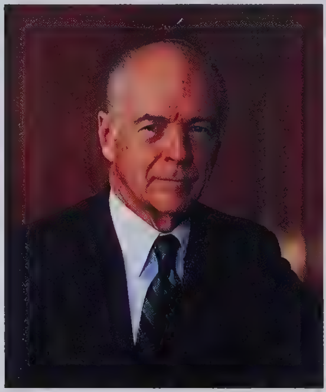
First-quarter 1987 as reported included the cumulative effect ($281 million, 31 cents per share) to January 1, 1987 of changing inventory accounting. Fourth-quarter 1987 results included an extraordinary loss ($62 million, 7 cents per share) on early extinguishment of certain long-term debt by GECC.

Board of Directors

Richard T. Baker
Consultant to Ernst & Whinney, public accountants, Cleveland, Ohio. Director since 1977.

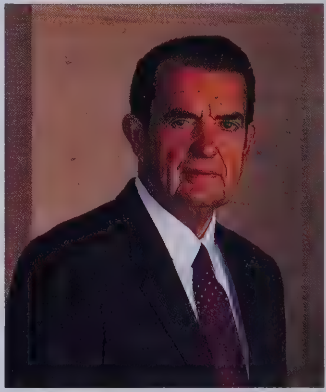
Lawrence A. Bossidy
Vice Chairman of the Board, Executive Officer and Director, General Electric Company, Fairfield, Conn. Director since 1984.

Thornton F. Bradshaw
Former Chairman of the Board, RCA Corporation, New York, N.Y. Director since 1986.



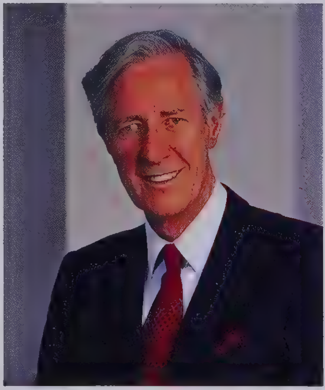
Henry L. Hillman
Chairman of the Board and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pa. Director since 1972.

Edward E. Hood, Jr.
Vice Chairman of the Board, Executive Officer and Director, General Electric Company, Fairfield, Conn. Director since 1980.



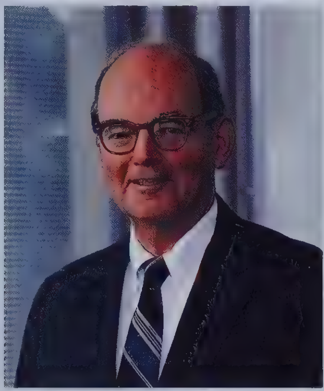
David C. Jones
Retired U.S. Air Force General and former Chairman of the Joint Chiefs of Staff, Washington, D.C. Director since 1986.

Lewis T. Preston
Chairman of the Board and Director, J.P. Morgan & Co. Incorporated and Morgan Guaranty Trust Company, New York, N.Y. Director since 1976.



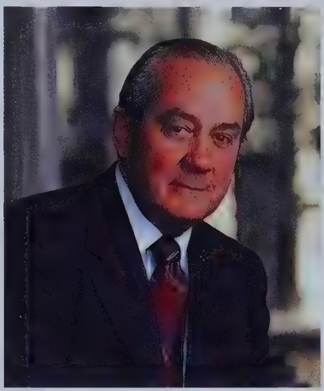
Frank H.T. Rhodes
President, Cornell University, Ithaca, N.Y. Director since 1984.

Andrew C. Sigler
Chairman of the Board, Chief Executive Officer and Director, Champion International Corporation, paper and forest products, Stamford, Conn. Director since 1984.



Charles D. Dickey, Jr.
Director and retired Chairman of the Board, Scott Paper Company, Philadelphia, Pa. Director since 1972.

Lawrence E. Fouraker
Fellow, John F. Kennedy School of Government, Harvard University, Cambridge, Mass. Director since 1981.

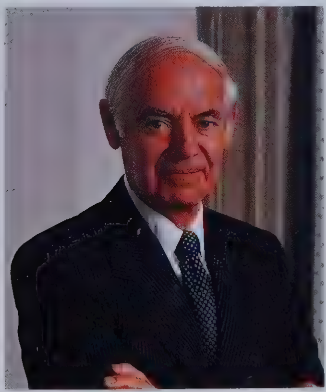


Henry H. Henley, Jr.
Retired Chairman of the Board, Chief Executive Officer and Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, N.Y. Director since 1972.

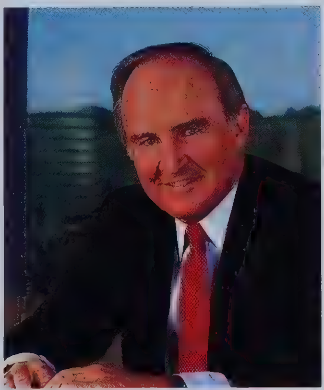
Robert E. Mercer
Chairman of the Board, Chief Executive Officer and Director, The Goodyear Tire & Rubber Company, Akron, Ohio. Director since 1984.

Gertrude G. Michelson
Senior Vice President–External Affairs and Director, R.H. Macy & Co., Inc., retailers, New York, N.Y. Director since 1976.

Barbara Scott Preiskel
Attorney, New York, N.Y. Director since 1982.



William French Smith
Senior partner, Gibson, Dunn & Crutcher, law firm, Los Angeles, Calif. Director since 1986.



John F. Welch, Jr.
Chairman of the Board, Chief Executive Officer and Director, General Electric Company, Fairfield, Conn. Director since 1980.

Walter B. Wriston
Retired Chairman of the Board and Director, Citicorp and Citibank, N.A., New York, N.Y. Director since 1962.

GE's Board comprises the 18 Directors pictured alphabetically on the preceding pages.

Silas S. Cathcart, a Director since 1972, resigned from the Board in 1987 to become President and Chief Executive Officer of Kidder, Peabody Group Inc., a GE Financial Services subsidiary.

The Board, which held 11 meetings in 1987, declared two increases in the quarterly dividend on the Company's common stock, which was split 2-for-1 on April 23, 1987. In May, the dividend was raised to $.33 per share on a post-split basis; in November, it was raised to $.35 per share.

In addition to regular meetings, GE Directors participated on the following committees that aid the Board in its duties.

The *Audit Committee*, which includes only Directors from outside GE, held four meetings. This committee reviewed the activities and independence of GE's public accountants and the activities of the Company's internal audit staff. It also reviewed the Company's internal financial controls and compliance with key GE policies, including those related to the defense procurement process, as well as the investment portfolio of GE Financial Services.

The *Finance Committee* held four meetings. It examined GE's financial position, pension funding and trust operations, foreign investments, financing commitments with the airline industry and other matters involving large-scale utilization of Company funds.

The *Management Development and Compensation Committee*, which includes only Directors from outside GE, met 10 times. In addition to approving changes in GE's management, it reviewed the Company's exempt salary structure and executive compensation programs.

The *Nominating Committee*, which held three meetings, considered candidates for the Board and recommended the committee structure and membership for the following year.

The *Operations Committee* met five times, including joint sessions with the Audit, Finance, and Technology and Science committees. It reviewed the Company's operating results and plans as well as the activities of GE's Management Development and Corporate Research and Development operations.

The *Public Responsibilities Committee*, at its two meetings, reviewed the activities of the General Electric Foundations and evaluated public issues that could have a major impact on GE.

The *Technology and Science Committee* held two meetings, both joint sessions with the Operations Committee. Its activities included a review of GE Aircraft Engines.

Committees of the Board

Audit Committee
Richard T. Baker, Chairman
Lawrence E. Fouraker
Gertrude G. Michelson
Barbara Scott Preiskel
Lewis T. Preston
Frank H.T. Rhodes

Finance Committee
Robert E. Mercer, Chairman
John F. Welch, Jr., Vice Chairman
Richard T. Baker
Charles D. Dickey, Jr.
Henry H. Henley, Jr.
David C. Jones
Frank H.T. Rhodes
Walter B. Wriston

Management Development and Compensation Committee
Walter B. Wriston, Chairman
Henry H. Henley, Jr.
Henry L. Hillman
David C. Jones
Gertrude G. Michelson

Nominating Committee
Charles D. Dickey, Jr., Chairman
Henry H. Henley, Jr.
Gertrude G. Michelson
Lewis T. Preston
Andrew C. Sigler

Operations Committee
Henry L. Hillman, Chairman
Lawrence A. Bossidy, Vice Chairman
Thornton F. Bradshaw
Robert E. Mercer
Barbara Scott Preiskel
Lewis T. Preston
Andrew C. Sigler
William French Smith

Public Responsibilities Committee
Henry H. Henley, Jr., Chairman
John F. Welch, Jr., Vice Chairman
Richard T. Baker
Thornton F. Bradshaw
Lawrence E. Fouraker
Henry L. Hillman
Gertrude G. Michelson
Barbara Scott Preiskel
Andrew C. Sigler
William French Smith

Technology and Science Committee
Frank H.T. Rhodes, Chairman
Edward E. Hood, Jr., Vice Chairman
Charles D. Dickey, Jr.
Lawrence E. Fouraker
Henry L. Hillman
David C. Jones
Robert E. Mercer

Management (As of February 12, 1988)

Corporate Executive Officers

John F. Welch, Jr.
Chairman of the Board and Chief Executive Officer

Lawrence A. Bossidy
Vice Chairman of the Board and Executive Officer

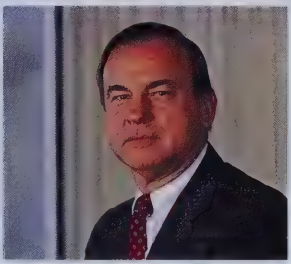
Edward E. Hood, Jr.
Vice Chairman of the Board and Executive Officer

James R. Bunt
Vice President

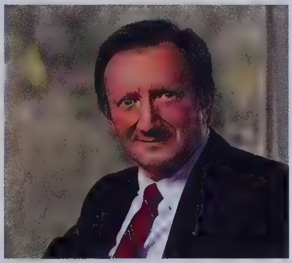
Paul W. Van Orden
Executive Vice President

Senior Corporate Officers

Dennis D. Dammerman
Senior Vice President, Finance

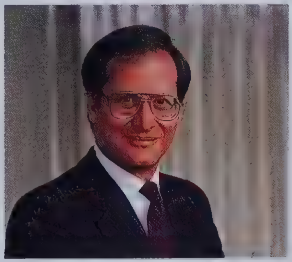


Jack O. Peiffer
Senior Vice President, Executive Management



Frank P. Doyle
Senior Vice President, Relations

Walter L. Robb
Senior Vice President, Research and Development



Benjamin W. Heineman, Jr.
Senior Vice President, General Counsel and Secretary

Corporate Staff Officers

Nigel D.T. Andrews
Vice President, Business Development and Planning

James J. Costello
Vice President and Comptroller

Dale F. Frey
Vice President and Treasurer; Chairman of the Board and President, General Electric Investment Corporation

Fred W. Garry
Vice President, Engineering and Manufacturing

Joseph Handros
Vice President and Deputy General Counsel

Joyce Hergenhan
Vice President, Public Relations

James A. Parke
Vice President, Audit Staff

Phillips S. Peter
Vice President, Government Relations

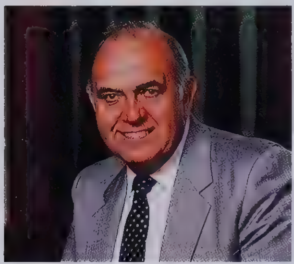
Arthur V. Puccini
Vice President, Employee Relations

Edward J. Skiko
Vice President, Information Technology

Operating Management (As of February 12, 1988)

Technology Businesses

Aircraft Engines



Brian H. Rowe
Senior Vice President, GE Aircraft Engines

Brian Brimelow
Vice President, Government Products

Richard L. Burke
Vice President, Lynn Production

Sam Dolfi
Vice President, Human Resources

Robert C. Hawkins
Vice President, Advanced Programs

Lee Kapor
Vice President, Commercial Engine Operations

Edward C. Bavaria
Vice President, Airline Marketing

Robert J. Smuland
Vice President, Marine & Industrial Engines and Service

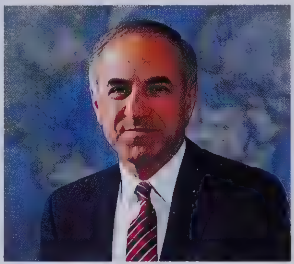
W. George Krall
Vice President, Evendale Production

Michael D. Lockhart
Vice President, Finance and Business Development

Frank E. Pickering
Vice President, Engineering and Technology

Robert C. Turnbull
Vice President, Military Engine Operation

Aerospace



Louis V. Tomasetti
Senior Vice President, GE Aerospace

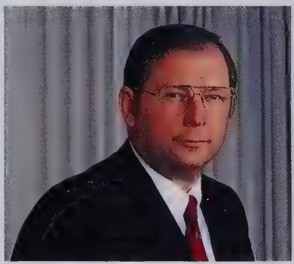
Arthur L. Glenn
Vice President, Defense Systems

Robert G. Stiber
Vice President, Aircraft Electronics

Robert W. Tieken
Vice President, Finance and Information Technology

Ladislaus W. Warzecha
Vice President, Aerospace Resources

Aerospace and Defense

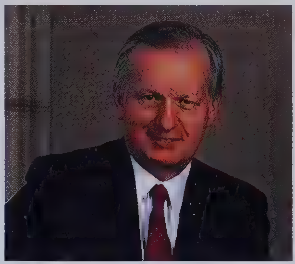


John D. Rittenhouse
Senior Vice President, RCA Aerospace and Defense

Jack A. Frohbieter
Vice President, Government Electronic Systems

Charles A. Schmidt
Vice President, Astro-Space

Plastics



Glen H. Hiner
Senior Vice President, GE Plastics

Paul L. Dawson
Chairman of the Board and Chief Executive Officer, General Electric Plastics B.V.

Philip M. Gross
Vice President, GE Silicones

Edward R. Koscher
Vice President, Sales

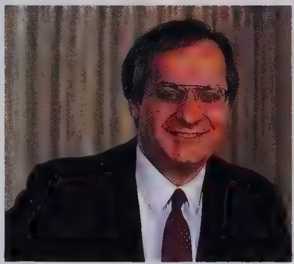
Herbert G. Rammrath
President, GE Plastics Pacific Ltd.

L. Donald Simpson
Vice President, Manufacturing

Uwe S. Wascher
Vice President, Marketing

Joseph G. Wirth
Vice President, Technology

Medical Systems



John M. Trani
Senior Vice President, GE Medical Systems

Vincenzo Morelli
President and Chief Executive Officer, General Electric – CGR Ltd.

Charles P. Pieper
President and Chief Executive Officer, GE Medical Systems – Asia Ltd.

Robert L. Stocking
Vice President, Marketing

Factory Automation

Robert P. Collins
President and Chief Executive Officer, GE Fanuc Automation North America, Inc.

Services Businesses

Financial Services

Gary C. Wendt
President and Chief Operating Officer, General Electric Financial Services, Inc.; President and Chief Executive Officer, General Electric Capital Corporation (GECC)

Leo A. Halloran
Senior Vice President, Finance

Michael A. Carpenter
Executive Vice President

Dennis J. Carey
Senior Vice President, GECC Corporate Finance Services

James H. Ozanne
Executive Vice President

Silas S. Cathcart
President and Chief Executive Officer, Kidder, Peabody Group Inc.

Max C. Chapman, Jr.
Executive Vice President and Chief Operating Officer

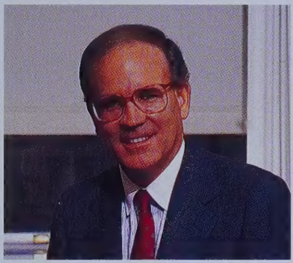
Dan L. Hale
Senior Vice President, Business Development

Charles V. Sheehan
Senior Vice President, Finance and Administration

Michael G. Fitt
President and Chief Executive Officer, Employers Reinsurance Corporation

Core Manufacturing Businesses

NBC



Robert C. Wright
President and Chief Executive Officer, National Broadcasting Company, Inc.

Albert F. Barber
Executive Vice President

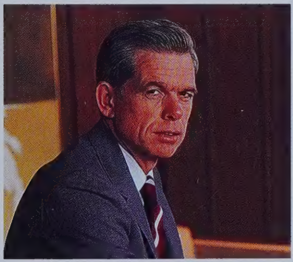
Lawrence K. Grossman
President, NBC News

Edward L. Scanlon
Executive Vice President

Raymond J. Timothy
Group Executive Vice President

Robert S. Walsh
Group Executive Vice President

Communications and Services



Eugene F. Murphy
Senior Vice President, GE Communications and Services

Anthony L. Craig
President, GE Information Services

Appliances

Roger W. Schipke
Senior Vice President, GE Appliances

Gerald R. Cote
Vice President, GE Consumer Service

Thomas E. Dunham
Vice President, Production

Bruce A. Enders
Vice President, Marketing

Stephen J. O'Brien
Vice President, Sales and Distribution

John C. Truscott
Vice President, Technology

Lighting

John D. Opie
Senior Vice President, GE Lighting

Eugene F. Apple
Vice President, Quality and Environmental Engineering

William S. Frago
Vice President, Marketing and Sales

Robert P. Mozgala
Vice President, Production

Stephen Rabinowitz
Vice President, Technology

Industrial and Power Systems

John A. Urquhart
Senior Vice President, GE Industrial and Power Systems

Clyde D. Keaton
Vice President, GE Industry Sales and Services

Eugene J. Kovarik
Vice President, GE Power Delivery

Russell L. Noll, Jr.
Vice President, GE Turbine

Delbert L. Williamson
Vice President, Marketing and Projects

J. Richard Stonesifer
Vice President, GE International Sales and Services

Frank D. Kittredge
Vice President, International Sales and Services Development

Joel Tenzer
Vice President, GE Drive Systems

Bertram Wolfe
Vice President, GE Nuclear Energy

Electrical Distribution and Control

Gary L. Rogers
Vice President, GE Electrical Distribution and Control

David M. Engelman
Vice President, Sales

Motors

David C. Genever-Watling
Vice President, GE Motors

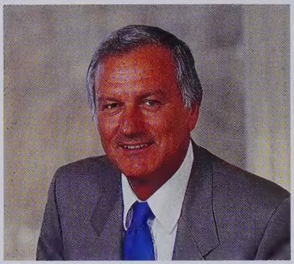
Roger D. Morey
Vice President, Marketing

Transportation Systems

Carl J. Schlemmer
Vice President, GE Transportation Systems

Support Operations

International



Paolo Fresco
Senior Vice President,
International Operations

Corporate Trading

James R. Birle
Senior Vice President,
Corporate Trading

Canada/Latin America

William R.C. Blundell
Chairman of the Board and
Chief Executive Officer,
GE Canada

Robert T.E. Gillespie
Executive Vice President

Jurgen F. Niffka
Chairman of the Board and
Chief Executive Officer,
General Electric do Brasil S.A.

Semiconductors

Carl R. Turner
Vice President,
GE Semiconductors

Ladd Petroleum

Ronald G. Spence
President and
Chief Executive Officer,
Ladd Petroleum Corporation

Supply

John W. Perdiue
Vice President, GE Supply

Calma

Daniel W. McGlaughlin
President, Calma Company

Aerospace Technology

Thomas E. Cooper
Vice President, Aerospace
Technology

Environmental Programs

W. Roger Strelow
Vice President, Environmental
Programs

Marketing and Sales

Mark J. D'Arcangelo
Vice President, Marketing and
Sales

Albert J. Febbo
Vice President, Automotive
Industry Marketing and Sales

Henry J. Singer
Vice President, Marketing and
Sales – East

Medical Services

Thomas R. Casey, M.D.
Vice President and Medical
Director

Corporate Information

Corporate Headquarters

General Electric Company
3135 Easton Turnpike
Fairfield, Conn. 06431

Annual Meeting

The 1988 Annual Meeting of the General Electric Company will be held on Wednesday, April 27, at the Waukesha County Exposition Center Arena in Waukesha, Wis., a suburb of Milwaukee.

Dividend Reinvestment Plan

Share owners who have one or more shares of GE stock registered in their names are eligible to invest cash up to $10,000 per month and/or reinvest their dividends in the GE Dividend Reinvestment and Share Purchase Plan. For an authorization form and prospectus, write to: GE Share Owner Services, P.O. Box 206, Schenectady, N.Y. 12301-0206.

Principal Transfer Agent and Registrar

The Bank of New York
Attn: Receive & Deliver Department
Church Street Station
P.O. Box 11002
New York, N.Y. 10249-1002

Stock exchange information

In the United States, GE common stock is listed on the New York Stock Exchange (its principal market) and on the Boston Stock Exchange. As of December 8, 1987, there were about 506,000 share owners of record.

Form 10-K and other reports

The financial information in this Report, in the opinion of management, substantially conforms with or exceeds the information required in the "10-K Report" to be submitted to the Securities and Exchange Commission at the end of March. Certain supplemental information is in that report, however, and copies without exhibits will be available, without charge, after April 15 from Corporate Investor Communications, General Electric Company, Fairfield, Conn. 06431.

Copies of the General Electric Pension Plan, the Summary Annual Report for GE employee benefit plans subject to the Employee Retirement Income Security Act of 1974 and other GE employee benefit plan documents and information are available by writing to Corporate Investor Communications and specifying the information desired.

The Annual Reports of the General Electric Foundations also are available on request.

Note: Unless otherwise indicated by the context, the terms "GE," "General Electric" and "Company" are used on the basis of consolidation described on page 37. Unless otherwise indicated by the context, the terms "RCA" and "RCA Corporation" mean RCA Corporation and all of its "affiliates" and associated companies as those terms are used on page 37 as well as those companies whose ownership was transferred from RCA to GE subsequent to GE's acquisition of RCA.

1987 Annual Report

Bulk Rate
U.S. Postage
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General Electric Compar

General Electric Company
Fairfield, Connecticut 06431